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19 November 1980

West Europe Report

(FOUO 47/80)



FOREIGN BROADCAST INFORMATION SERVICE

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WEST EUROPE REPORT

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THEATER NUCLEAR FORCES

INTERNATIONAL AFFAIRS

SOVIET NAVAL PRESENCE, STRATEGY IN MEDITERRANEAN

Madrid DEFENSA in Spanish Jul 80 pp 4-5

[Article by Soviet Army Major General Rair Simonian: "The USSR and NATO's Southern Flank." Major General Simonian is a doctor of military science and a specialist in strategy]

[Text] Shortly before leaving his post, the former supreme commander of the Atlantic Alliance Armed Forces, Gen Alexander Haig, stated that all efforts made to date by NATO "have not been enough to solve the broader problems that now face the North Atlantic Alliance," considering that one of them is the need to reinforce the southern flank, particularly NATO's southeast. According to him, this area is of high priority because of "the extraordinary weakness of the southeast flank of NATO" due to the fact that "Greece is still not totally involved in the NATO military structure, and that there are still several thorny political problems between Greece and Turkey that must be resolved." Secondly, the problem stems from "increasing Soviet capacity for interference there is taking on considerable importance politically."

Similar reasoning, frequently appearing in the Western press, is based on the much touted theory of "aggressivity" that is attributed to the Soviet military doctrine.

However, it is obvious that the essence of Soviet military policy and strategy boils down to a guarantee of an efficient defense of the USSR and its allies.

Allegations that the USSR and other Warsaw Pact nations want to engineer a military take-over of the NATO bloc are totally lacking in substance.

But as long as the threat of war is present, the Soviet Union will consider it necessary to maintain the military potential to securely defend the peaceful life of the Soviets. For that reason, the Soviet military doctrine combines in a single whole the peaceful nature of the Soviet foreign policy and its willingness to respond accordingly to aggression, no matter where it comes from.

This primary postulate of the Soviet military doctrine is the basis of the practical activities of the Soviet Armed Forces, also in the southern flank. The Soviet Union, like the People's Republic of Bulgaria and the Socialist Republic of Rumania, is a power on the Black Sea. But since the Black Sea communicates with the Mediterranean through the Bosphorus and Dardanelles Straits, the Soviet Union, as a Black Sea and therefore Mediterranean power, could not remain impassive in the face of the

creation right along its borders and those of other European Socialist countries, of a powerful concentration of forces directed at them. The Soviet warships entered the Mediterranean in order to contribute to stability and peace in that region.

Mediterranean No Longer "American Lake"

By its very presence in this sea, the Soviet fleet has cooled off the hotheads of NATO leadership. It is no coincidence that THE NEW YORK TIMES felt the need to confess: "The Russians have built up enormous political capital thanks to the presence there of their naval forces." Those forces, the newspaper admits, "constitute a political and moral guarantee for Moscow's friends in the Mediterranean."

The changes that have taken place in the Mediterranean and in other areas of the world's oceans, have apparently displeased the Pentagon and its allies, especially considering that the Arab states and many African nations look favorably upon the Soviet Navy. That is why there is a great hue and cry about "the harmony and balance of forces," "the intensification of the Soviet threat" to NATO's southern flank, and other similar arguments. However, all this is aimed at justifying the high level of activity by the United States and other North Atlantic bloc states for the purpose of expanding and consolidating their own positions there by any means possible.

According to Atlantic strategists, that area is a very convenient base for NATO, because it allows for a threat to the left flank of the Warsaw Pact nations and the Arab states of the Middle and Near East. It is also within firing range of Soviet military and industrial targets and those of other Socialist nations in southeastern European, and provides a base for deploying electronic surveillance methods.

NATO, United States and Mediterranean Nations

Any country in the Mediterranean zone is considered by NATO and the Pentagon, in the first place, as an enclave that could be used for actions against the Soviet Union and as a base of support for the repression of movements counter to their interests. Lately Washington has paid special attention to plans to officially incorporate Spain in "the defense of the southern flank" of NATO, and insists on maintaining in its territory large American air bases in Torrejon (near Madrid) and Zaragoza, as well as the important air-naval complex at Rota, on the Atlantic coast. Discussing the strategic importance of this country for the United States, the magazine MILITARY REVIEW points out that Spain is not only in a very convenient position, being at the nexus of the main Mediterranean ports, but it also reinforces, from the rearguard, "the defensive structure of NATO on the southern flank."

Italy is given an equally important role in the strengthening of American positions in this zone. As a member of NATO, it permitted the United States to move the coastal General Staff of the Sixth Fleet to Naples.

There are also abundant American and NATO support bases in Greece. In establishing them, the Atlantic strategists were taking into consideration the fact that this country is at the crossroads of the maritime and air routes that communicate Europe with the Near East and Africa, and that border on the Socialist states. There are foreign military air bases on Crete and on continental Greece.

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In Turkey there are some 40 American military targets, of which 26 are bases. The most important of them are in Indgirlik (Adana) and the city of Izmir. In the areas near the cities of Sinog, Kramursel, Diyarbakir, and Belbahi there are scanning posts, whose task is to obtain information on Soviet activities.

As a result of events in Iran, the military bases in Turkey, which borders on the USSR, have taken on added importance. According to THE NEW YORK TIMES, the Americans had already begun in January of 1979 to withdraw from Iran and place their secret equipment in Turkey. According to that newspaper, part of the equipment was installed on English bases in Cyprus, violating those bases' status.

Aware of growing discontent in Mediterranean countries with the constant increase in the level of military confrontation in the region, Pentagon experts claim that there is no sensible American strategy that could envision a future U.S. military presence in the Mediterranean based on existing enclaves. For that reason, emergency plans have to be taken into consideration, and those plans are being drawn up. In addition, it is curious that absolutely no response is being made to Soviet proposals for the reduction of Soviet and American warships in the Mediterranean, primarily those fitted out with nuclear weapons.

These are the facts, and they all indicate that it is not Soviet strategy, but the manner of proceeding of both NATO and the Pentagon on the southern flank, that is presenting the serious obstacle to genuine security for the people of that region.

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COUNTRY SECTION

FEDERAL REPUBLIC OF GERMANY

ALLENSBACHER COMPARES ELECTION RESULTS, POLLS

Allensbach ALLENSBACHER BERICHTE in German No 25, 1980 pp 1-7

/Report datelined Allensbach am Bodensee, 6 October 1980: "The 1980 Bundestag Election and the Allensbach Election Forecast"/

/Text On election Sunday, at 18.00 hours, the German television service introduced the Institute for Demoscopy Allensbach which offered a "forecast" of the election results, published first on 2 October in STERN and backed by interviews during the period 12-20 September.

To provide full and complete information we are presenting to you the text of our forecast which we published on Sunday, 5 October, at 18.00 hours on Austrian radio and, subsequently, the ORF television service. The forecast was based on 3,000 interviews conducted from 27 September to 3 October 1980.

We are the only institute to publish an explicit forecast on the outcome of the Bundestag election before notification of the first official results. We did so because we wished to test ourselves, regardless of the fact that, unlike for earlier Bundestag elections, German television had not this year commissioned a poll from us.

The Allensbach forecast appears to be the only one to separate first and second preference predictions. When only first preferences are considered, the CDU/CSU definitely emerges as the strongest party. No such precision was possible for second preferences, because second preferences depended much more on last minute decisions. We clearly defined the limits of demoscopy when we said that not even the very last polls provided a true indication whether the CDU/CSU or the SPD would be the strongest faction in the new Bundestag.

The FDP's second preference propaganda was extremely successful. For the first time the CDU/CSU received far less second than first preferences--and this is a political event of the first order.

Hereunder the text of the forecast initially given on Austrian radio at 18.00 hours:*

* The conversation in the course of which Professor Noelle-Neumann introduced the Allensbach forecast was taped shortly before 18.00 hours and broadcast at 18.10 hours, before the first official projection by the Austrian radio service, at 18.25 by the ORF television network.

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What is the purpose of the Allensbach election forecast? Within a few minutes we are expecting the first projections to be published, it is therefore not a matter of knowing the outcome just a few minutes earlier. Nor is it meant to be a tip for gamblers, to show how good our tips are; nor do we claim to be psychics: In any case demoscropy works with margins of statistical errors--in polls involving 2,000 interviews it is generally plus or minus 2 percent. Not even the most outstanding pollster can do anything about that. Therefore, why bother with this forecast?

An election forecast is designed to demonstrate that a political situation may be correctly appraised by the methods of demoscropy. Important for forecasts or other news about the results of polls are not decimal points, important is the correct assessment of the situation. Election forecasts test the methods of demoscropy, that which it can do, and that which it cannot.

Following our last poll we see the political situation arising from the German Bundestag election as follows: The Allensbach Institute carried on another 3,000 interviews from 27 September to 3 October. The following seven points represent our interpretation of the situation as revealed in these interviews:

Forecast 1: The SPD/FDP coalition will continue to rule, strengthened in the Bundestag by, possibly, 25 additional seats. We estimate its share at 53.5 percent of second preferences.

Forecast 2: This also means that the FDP will be represented in the coming Bundestag. In fact we foresee that it will be the victor of the Bundestag election; it may well obtain second preferences running into two digit figures. We estimate its share at 10 percent.

Forecast 3: The Greens will not manage the 5-percent hurdle, will not arrive in the Bundestag. We estimate their share at 2 percent.

Forecast 4: The CDU/CSU is the loser in this election. Compared to 1976 we expect it to lose 4-5 percent of second preferences. We estimate its share of second preferences at 43.5 percent.

Forecast 5: Even now, assessing the last 3,000 interviews, we are unable to say whether the CDU/CSU or the SPD will be the strongest faction in the new Bundestag.

The CDU/CSU will be the strongest party with respect to first preference votes; we estimate this at 45.5 percent.

When it comes to second preferences, decisive for the size of the parliamentary faction, the CDU/CSU is lagging behind first preferences for the first time and noticeably so. Our last poll therefore showed a stand-off with regard to second preferences between the SPD and the CDU/CSU. We estimate them at 43.5 percent each.

Here are the limits of demoscropy. Ultimately the question of who will be the strongest faction must depend on last minute decisions: How many CDU/CSU voters will decide to cast their second preference for the SPD or the FDP?

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Only in the past 10 days did we note an increased tendency for CDU/CSU voters who do not approve of Strauss (about a third of all CDU/CSU voters) to split their votes, in other words cast their first and second preferences for different parties.

Every fifth CDU/CSU voter who does not approve of Strauss intended to split his vote. Actually this means a 1 percent gain for the SPD, a 1.5 percent gain for the FDP.

The difficulty here lies in the fact that such decisions may eventually be reversed once again.

We had a great deal of trouble with the German system of second preferences on which hinges the representation in the Bundestag. This is due to the fact that half the voters are not even aware of the significance of first and second preferences.

Our second difficulty--it is not new, we have had to cope with it since 1965--are the FDP voters, only a third of whom are firm supporters. The other two thirds float and often come to their final decision very late indeed. Even in reply to our last poll every fourth FDP voter said: "I am still thinking about it."

Forecast 6: Hereunder our first preference forecast which may be compared with the actual result on Monday morning only:

CDU/CSU strongest party	45.5 percent
SPD	43.5 percent
FDP	7.5 percent
Others	3.5 percent

Forecast 7: Fewer votes will be cast than in 1976 or 1972.

Incidentally, this is the seventh Allensbach Bundestag election forecast to be published ahead of the receipt of the first official data.

Table 1--Comparison of the Allensbach Election Forecast With the Preliminary Official Election Result

Vergleich der Allensbacher Wahlprognose mit dem vorläufigen amtlichen Wahlergebnis				Tabelle
	(1) Erststimmen IFD-Prognose Vorläufiges amt. Wahl- ergebnis	(2) Zweitstimmen IFD-Prognose Vorläufiges amt. Wahl- ergebnis	(3) Zum Vergleich: Letzte Veröffentlichung von Allensbacher Ergebnissen im STERN, gestützt auf 1739 Interviews von 12.-20.9.80	
CDU/CSU	45,5	46,0	44,5	
SPD	43,5	44,5	43,5	
F.D.P.	7,5	7,2	9,2	
Sonstige Parteien	3,5	2,3	2,8	
	100,0	100,0	100,0	
(7)				
Durchschnittliche Abweichung der IFD-Prognose	0,75	0,80		
Maximale Abweichung der IFD-Prognose	1,2	1,0		
(9)				
Wahlbeteiligung: IFD-Prognose	88	88		
Vorläufiges amtliches Wahlergebnis	86,7	86,7		

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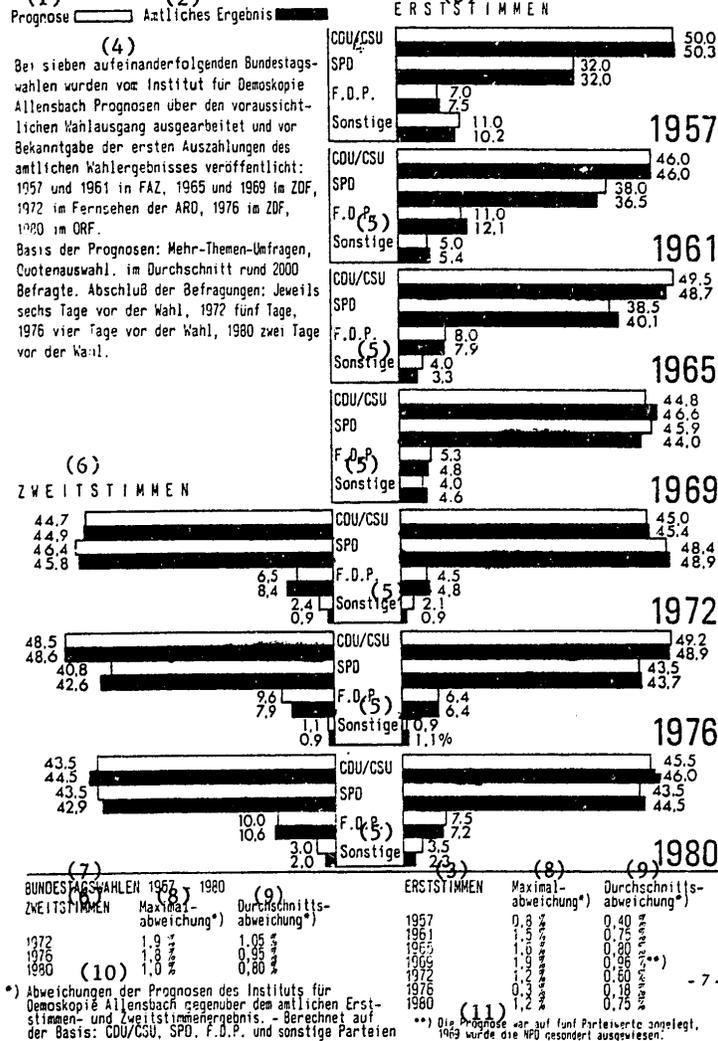
Key:

1. First preference votes
2. Second preference votes
3. For comparison: The last publication of Allensbach results in STERN, based on 1,739 interviews, 12-20 September 1980.
4. IFD forecast
5. Preliminary official election result
6. Other parties
7. Average deviation of the IFD forecast
8. Maximum deviation of the IFD forecast
9. Voters going to the polls: IFD forecast
Preliminary official election results

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Table 2--Allensbach Election Forecasts 1957-1980

Die Allensbacher Wahlprognosen 1957-1980



Key on following page

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Key:

1. Forecast
2. Official result
3. First preference votes
4. The Allensbach Institute for Demoscopy prepared forecasts on the probably outcome of seven successive Bundestag elections and published them before notification of the first counts of the official election results: 1957 and 1961 in the FRANKFURTER ALLGEMEINE ZEITUNG, 1965 and 1969 yjr ZDF. 1972 the ARD television services, 1976 the ZDF and 1980 ORF.
Forecast base: Multiple topic polls, random selection, on the average about 2,000 polled. Last polls: Six days before the respective election, 5 days in 1972, 4 days in 1976, and 2 days in 1980.
5. Others
6. Second preference votes
7. Bundestag elections
8. Maximum deviation
9. Average deviation
10. Deviation of the Allensbach Institute of Demoscopy's forecasts from the official first and second preference result.--Computed on the basis: CDU/CSU, SPD, FDP and other parties
11. This forecast included five headings for the parties. In 1969 the National Democratic Party of Germany was counted independently.

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COUNTRY SECTION

FRANCE

PRIME MINISTER'S FOUR RIGHT-HAND MEN CHARACTERIZED

Paris VALEURS ACTUELLES in French 13 Oct 80 pp 42-45

[Article by Michel Chamard: "The Four Heads of Barre"]

[Text] They have been called the "deputy prime ministers." There are four of them. The main files pass through their hands. And nothing gets done without them.

More than 4 years at the Hotel Matignon: barring an accident, Mr Raymond Barre will remain in his position until the presidential elections. The latest reorganization has not really altered the structure of his ministerial team. Even if people talk about the "fourth Barre administration."

In the center of the system: four "deputy prime ministers," with very different careers and temperaments. One of them is assistant director of the staff, the other three have the title of adviser. The ministers are required to work through them. Some of them complain about it:

- They serve as a screen between us and the head of the government. They impose their views at the expense of those of our departments. They take Barre's place in those sectors for which he does not manifest any interest at all.

There is, first of all, a 45 year old treasury inspector, a typical upper level civil servant climbing the rungs of a brilliant administrative career: Mr Francis Gavois, assistant director of Mr Barre's staff. Then there is a 40 year old public administrator. Mr Raymond Souble, the man with a big plan, relaxation of social tensions. A 46 year old academic with political ambitions, Mr Jean-Claude Casanova. Finally, a technocrat who trusts only logic and rationality, Mr Albert Costa de Beauregard, 38 year old chief engineer of mines. Two graduates of the National Administration School, a professor of economics, and a graduate of the Ecole Polytechnique, in place at the Hotel Matignon since Mr Barre's appointment in August 1976.

The old government hands either end up putting up with them or stand up to them at their own risk, such as Mrs Alice Saunier-Seite, minister for universities, whose run-ins with Mr Casanova cannot be counted. The others remain bewildered by them.

- Only those of us who were in the government at the time of their arrival are able to counter them, stated a former minister.

Where does this power, which seems superior to that of the ministers and almost equivalent to that of the head of the government, come from?

In the Fifth Republic, the prime minister's staff has, along with that of the head of state, been appreciably broadened. The council presidents of the Fourth Republic surrounded themselves with a dozen or so assistants. Mr Barre's staff includes 33 individuals. Mr Jean Massot, counsel for the Council of State, who has analyzed the phenomenon in "The Head of Government in France" (DOCUMENTATION FRANCAISE), explains:

- The main characteristic of this complex structure is the distinction between the assistants, who have overall responsibility for several ministerial departments, and the other members of the staff.

The chief assistants supervise large sectors of government activity and are associated with the decision making process. The project heads attend to the implementation. The technical advisers have an intermediary role, which varies according to the dossier they are in charge of.

Mr Barre personally saw to the recruiting of his chief assistants.

In 1976, the new prime minister's director of staff, Mr Daniel Doustin, was assigned to form the team which would surround Mr Barre. Mr Soubie joined the team: he had been recommended by Mr Jacques Chirac.

Messrs Gavois, Casanova and Costa de Beauregard, on the other hand, belong to "the Quay Branly gang": the one which surrounded Mr Barre at the Ministry of Foreign Trade. They followed their "boss" to the Hotel Matignon.

Tall and thin, with a receding hairline, cordial behind his wire framed glasses, Mr Gavois represents the typical inspector of finance in a political milieu. He has a particularly brilliant resume: at 31 years of age, following his 4 year "period of suffering" (first post assigned to an inspector fresh from school), he found himself project head for Mr Michel Debre, who was then minister of finance. Next, he joined the staff of Mr Roland Nungesser, secretary of state to the Ministry of the Budget, then those of Messrs Couve de Murville, Ortoli and Giscard d'Estaing, ministers of finance.

In 1973, he left the Rue de Rivoli for the Quay d'Orsay, and became project head for Mr Michel Jobert. Next, as incumbent to the enviable position of deputy director for economic relations in the Ministry of Foreign Trade, he was chosen as director of staff for Mr Barre, when the latter arrived at the Quay Branly, in January 1976. He has never left him.

This graduate of the National Administration School, who went so far as to get a degree in literature, was entrusted with supervising the budget, in cooperation with Mr Maurice Papon. The various confidential letters from Mr Barre to his ministers on a reduction of the style of living of the state (VALEURS ACTUELLES published a certain number of them) were prepared by Mr Gavois. For him, the ministers are more heads of their departments, setting an example, than they are political personalities. Convinced that the state machinery cannot remain isolated from the constraints imposed on enterprises, he has the full confidence of the prime minister, who shares his point of view.

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In 1976, Mr Barre took direct control of the Ministry of Finance, and then strengthened the prerogatives of the Hotel Matignon in the economic and financial fields by dismantling -- 2 years later -- the stronghold of the Rue de Rivoli. This conferred a major role on Mr Gavois.

One of his colleagues at the inspectorate of finance said:

- I am not aware of any ambition he might have to be a politician. He appears to be destined for an important position, outside of the hierarchy of the Ministry of Finance, something like the Land Savings Bank or deputy governorship of the Bank of France.

Another graduate of the National Administration School, originally from the Gironde, Mr Soubie, on the other hand, has specialized in social affairs.

- He is the "worst" of all, contended one minister.

It is said that Mr Barrot flies into wild rages when this pale little man, paralyzed in one arm, bends over the Ministry of Health files. Within Mr Jean Matteoli's circle, it is contended that the minister of labor "took a slap" in the senate during the debate on worker participation because Mr Soubie had not supported him. Another minister accused him of going over his head to call his directors.

Discovered by Joseph Fontanet on the staff of the prefect of the Rhone-Alpes region, he became his assistant at the Ministry of Labor in 1969, then at the Ministry of Education. Mr Soubie was "passed on" to Mr Chirac, who did not know him, on his arrival at the Hotel Matignon. At Soubie's request, Mr Chirac similarly passed him onto his successor 2 years later. Ardor and loyalty have established his reputation.

Taciturn, taking refuge in his work, Mr Soubie is characterized by his lack of sectarianism. He maintains close contacts with Mr Bergeron and the Workers Force. He has also opened a dialogue with Mr Maire and may be considered an architect of the "return to the center" of the CFTD [French Democratic Confederation of Labor]. Members of the General Confederation of Labor even noted a close conformity between the prime minister's adviser and Mr Michel Rolant, close collaborator of Mr Maire.

- He has made my task easier, contends Mr Chirac.

When the latter was prime minister, Mr Soubie was promoted and successfully carried out the policy of unemployment compensation. At the time of the very intense conflict at the PTT [Administration for Posts, Telephone and Telegraph], in 1974, during which the supervising secretary of state got bogged down, he took the matter in hand.

Mr Barre's social adviser likes nothing better than lengthy discussions with trade unionists in his office. The maintenance of the dialogue depends on him, in spite of his boss' antipathy toward pressure groups. Some people claim that for 10 years he has ensured the continuity of the government's social policy.

- He is a social Pierre Juillet, one of his colleagues says of him.

What future does this opera fanatic foresee? He seems destined, by choice, to the role of social adviser until the end of his days. And yet, this centrist does not lack political sensitivity: linked to Mrs Garaud at the Hotel Matignon, he was often taken in the confidence of Mr Chirac, and overall his advice seemed judicious.

Authoritarian, Mr Souble? One of his colleagues on Mr Chirac's staff stated:

- At that time, he was not. It is possible that, in view of Barre's lack of taste for social matters, he may have had to develop a stronghold against the industrial clan of Gavois and Costa.

"Costa" is Mr Costa de Beauregard: a curly haired Parisian with a chubby face. He gives total priority to the economy. A former mining engineer at the Lorraine coal mines, at the age of 29 years he became assistant secretary general of the interministerial committee, which developed the French position for the discussions held in Brussels. Project head for the minister of foreign trade in 1976, he followed him to the Hotel Matignon in September.

- His ambition is extraordinary, stated a high official in the Ministry of Industry.

First in the entrance examination to the Normale-Sciences [Training College for Science Teachers] and to the Ecole Polytechnique, reserve officer in the cavalry, Mr Costa de Beauregard has the reputation that he enjoys making his authority felt.

- Mr Barre appreciates him because he resembles him, murmured a PR [Republican Party] representative.

People also attribute to him the art of shock techniques.

His taste for equations and logical constructions have led the prime minister's industrial adviser to misjudge human realities, with sometimes unfortunate consequences.

It took all the insistence of Mr Pierre Mehaignerie, minister of agriculture, and of Mr Pierre Aigrain, secretary of state for research, to obtain an easing of a reform project for the National Institute of Agronomic Research, which would have penalized this reputedly effective body, a project which was urged upon his boss by Mr Costa de Beauregard.

Mr Casanova, who is academic adviser to Mr Barre, is also interested in research. Born in Ajaccio, from an old right wing family, warm and haughty at the same time, endowed with a great sense of humor, and a movie fanatic, Mr Casanova has a taste for discussions and cliques: hence, his belonging (like Mr Barre) to the Trilateral Commission, which attempts to maintain a dialogue between the leaders of the large industrial countries, and his attraction for radicalism.

In politics and in the Ministry for Universities, Mr Casanova -- like his boss -- belongs to the "Jeanneney clan": he was project head for the minister of industry in 1959, at a time when Mr Barre was the minister's director of staff. Successor to the current prime minister as professor of political science, Mr Casanova also held the position of director of the service for the study of economic activity, like Messrs Jeanneney and Barre before him. With his round face behind wire rimmed glasses and his bow tie, he actually shows a family resemblance with General De Gaulle's former minister.

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A friend of Mr Raymond Aron and director of the review COMMENTAIRES, reader of Rebattet and de Tocqueville, whose complete works he wants to republish, Mr Casanova does not hesitate to claim to be anticommunist. But his desire not to hurt the left at the university has often led him to want to correct Mrs Saunier-Seite's initiatives.

This specialist in staff work and files, one of the developers of the Blois program, carries out with Mr Barre activities which go far beyond the university sector. He nourishes an ambition: to leave the wings of politics for the front of the stage. This is why, for months, this anti-Gaullist has been conducting patient negotiations to achieve the succession of Mr Rene Tomasini, former secretary general of the UDR [Union of Democrats for the Republic (Gaullist Party)], whose entry into the senate will cause a partial legislative election in the Ardelys.

A fifth individual plays a major role in this picture. But the ministers who complain about the "deputy prime ministers," spare him their criticism. And yet, if there is a deputy prime minister, it would certainly be Mr Philippe Mestre, director of staff for Mr Barre since April 1978.

Endowed with a composure and cool sense of humor, which are very British, this 53 year old man from Vendee is a graduate of the College of France Overseas: he belongs to that "mafia," whose solidarity is still strong within the departments, 20 years after the loss of our colonies. He was technical adviser to Mr Pierre Mesmer (who was also one of the "colonials") at the Army Ministry from 1964 until 1969, then at the Hotel Matignon from 1972 until 1973. As a matter of fact, this former regional prefect has served three prime ministers: he was a staff member for Mr Jacques Chaban-Delmas in 1969.

These titles and a solid network of friendships give him the authority and self-assurance which he displays before the ministers and the assistants of the head of state: those who have a hard time putting up with the role of Mr Barre's advisers, accept Mr Mestre's interventions without recrimination.

Twice a week, Mr Mestre presides over a meeting of the prime minister's assistants to prepare the work. In the halls of the National Assembly -- which he often visits to "take the temperature" --, he knows how to be cordial at times, at other times curt, with the representatives and the reporters.

Mr Mestre has a taste for secrecy and for small team work. He is alleged to have the ambition of succeeding Colonel de Marenches as head of the SDECE [Foreign Intelligence and Counterintelligence Service], a service with which he worked when he was with Mr Mesmer.

- He loves spy stories, said one of his collaborators.

Some ministers complain that they do not get to see the head of the government often enough. Mr Barre receives the minister of interior once a week, and the minister of justice once every two weeks. The others are received upon their request.

Then, there are the advisers.

Their speciality is interministerial committees, two or four a week, to arbitrate differences among ministers. This is where they can show their worth by preparing

notes for their boss, by submitting proposals to him for his consideration. The ministers get annoyed at seeing their work dissected and sometimes rejected on the basis of advice from the prime minister's entourage.

Around Mr Barre, it is said ironically:

- They would prefer private discussions to win their case in 10 minutes. It would be a rejection of the role of the Hotel Matignon if decisions were made in each of the ministries.

The prime minister emphasizes that he is responsible for the political consequences of all government measures, and that it is therefore normal for him to "tighten the screws." At the Rue de Varenne, people still talk about the incident in Toulon, at the time of the unveiling last June of a monument to French Algeria by Mr Jacques Dominati: the secretary of state had not informed Mr Raymond Barre, who had to take the responsibility for the affair before the Gaullist representatives.

When the ministers accuse Mr Barre's advisers of forming a screen between them and him, they reply that the prime minister himself makes notes on the files that are submitted to him:

- It is yes or no, without verbiage, said one of them.

But the "deputy prime ministers" have an enormous advantage: they are on the spot and can react immediately. Mr Massot told us:

- You should not believe that the prime minister's schedule is completely rigid. There are always "holes" into which his direct assistants slide. It is very obvious that those appointments are not programmed and that they do not appear on the prime minister's agenda.

In "The President's Advisers" (PUF [French University Press]), Mr Samy Cohen quotes a close collaborator of the president of the Republic who, notwithstanding the power attributed to the entourage of the head of state, commented:

- France is governed by the Matignon. It is the Hotel Matignon which controls the ministries. There is no problem which cannot be solved by the prime minister.

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COUNTRY SECTION

FRANCE

CAREER OF PCF'S JUQUIN SEEN ON RISE

Paris VALEURS ACTUELLES in French 6 Oct 80 p 31

[Article by Hubert Chavelet: "The Secretary's Shadow"]

[Text] He was chosen by the Communist Party as their spokesman in the debates for the senate elections. He repeatedly used the word "magouille" referring to the socialists.

Now that Marchais has become a candidate in the presidential election and must answer to the publication of new documentary information dealing with his past during the occupation, Juquin steps into the limelight. And Fiterman is forgotten.

Fifty years of age, with hair slightly out of place, a direct look and a smiling face, he has the keen wit of an intellectual and the pleasant personality of a public relations man. This graduate from the Ecole Normale Superieure, who formally taught a class at Lycee Lakanal to enable students to compete for entrance in Ecole Normale Superieure, is a staunch supporter of the CP's secretary general. His entire career proves it.

First of all, he is careful to claim that he only joined the party in 1953. After Stalin's death. Is this simply a pose or a deliberate choice? He joined the party in 1952 "as a reaction to rearmament beyond the Rhine." But he has chosen to readjust the date when he joined it on account of the de-Stalinization.

In 1978, he declared in L'HUMANITE:

"One can be both a communist and an anti-Stalinist, or better still, an anti-Stalinist because one is a communist."

His communist career started in the federation of Seine-Sud, the breeding ground of French Communist Party leaders. That of Maurice Thorez and Marchais.

His first campaigns took place in the antifacist committees, in the "peace movements" and in the dialog with believers where he is still at work.

He came into view in 1964. He became a member of the Central Committee, undoubtedly promoted by Marchais who was then secretary in the party organization.

In 1967, he was elected as deputy for Longjumeau, the third electoral district of Essonne. He ran against a UDR [Union of Democrats for the Republic] candidate. He won again in 1973 and 1979.

Soon the press saw him as a future secretary general of a new kind. But in 1968, Roger Garaudy was chosen instead of him to represent the intellectuals in the Political Bureau.

In the intervening period, there was indeed a "hitch": an article published in the newspaper L'HUMANITE which appeared on 3 May 1968 under Marchais' signature. But it had been written by Juquin who was responsible for matters of education within the party. Developments were to prove that his analysis was wrong (he thought that Daniel Cohn-Bendit's agitation was leading to an impasse).

Juquin started his years of wandering in the wilderness. He had to wait until 1974 before he assumed responsibilities on a national level and until 1979 before he could finally enter the Political Bureau (21 members)--11 years of purgatory.

"He owes his second chance to the friendship that Georges Marchais feels towards him," his associates claim.

Juquin has always manifested the greatest solicitude towards his mentor. When Marchais was questioned by journalists at the Press Club of Europe I [radio station] about his stay in Germany during the war, Gaston Plissonnier, the party political boss, helped him to prepare his defense together with Juquin.

Reward

He is "responsible for promoting the struggle of ideas, information, press and the struggle for freedoms" in the party. A position which gives him overall control of L'HUMANITE and makes him a privileged interlocutor with the mass media. Hence his new notoriety.

Undoubtedly, the career of this man who is the son of an assistant surveyor of the SNCF [French National Railway Company] and the father of two children, has not reached its peak as yet. Within the party, and short of getting the general secretariat, he still has to win a position in the Central Committee secretariat (seven members).

On a local level, he must establish his authority and could be a candidate to succeed Brosseau, communist councilman and mayor of Savigny, who died last week.

Those are targets within his reach. His only outstanding failure was the oral philosophy test in the examination to enter the Ecole Normale Superieure where he went, it is said, encouraged by his shrewd schoolmaster. The name of the examiner was Maurice Merleau-Ponty.

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COUNTRY SECTION

FRANCE

STOLERU INTERVIEWED ON STATUS OF IMMIGRANTS

Paris VALEURS ACTUELLES in French 6 Oct 80 p 41

[Interview with Lionel Stoleru, secretary of state for the condition of immigrant workers, by Francois Lebrette; date and place not given]

[Text] [Question] For several years now, you have been promoting a policy of return for the immigrants. Does the French-Algerian agreement, signed on 18 September, indicate a real progress?

[Answer] Two years ago, nobody believed that France and Algeria could reach an agreement on sending workers back, nobody thought that there could be cooperation in that sphere. But here is a sign that cannot be misleading: no sooner was the agreement signed that several countries, including Tunisia, notified us that they were interested in that formula.

[Question] Won't the cost that France has to pay be out of proportion with the expected result?

[Answer] On the contrary, the agreement is very advantageous for France: the return allowance amounts to approximately a 4-month salary which is far less than the cost of unemployment benefits today.

[Question] You also justified that agreement by referring to the 4 billion francs surplus balance in our trade exchanges with Algeria. Isn't that balance, in fact, a French subsidy to Algeria disguised as loans? At present, Algeria's aggregated debt amounts to 100 billion francs

[Answer] I did say that should we break off with Algeria, the flow of gas and oil would be turned off, our exports would disappear and, as a result, many jobs would be lost: 4 billions worth of imports against 8 billions worth of exports. Speaking in terms of jobs, the imported oil products do not result in a loss of any jobs while the 8 billions worth of exports represent very real jobs.

[Question] How can you reconcile the figures mentioned in connection with the agreement: 700 million francs for 105,000 departures?

[Answer] Very easily. It is expected that one-third of those returning will not require any financial incentive or special training. As for the assistance

in the creation of enterprises, it will probably be very marginal. Finally, the figure of 35,000 returns per year will only be reached progressively.

[Question] Based on our past experience, can we believe that so many workers will voluntarily decide to go back?

[Answer] This is already happening but it is difficult to establish figures. The Algerians claim that tens of thousands are returning every year but we do not have any proof: those who leave take their work permit cards with them and we have no way of knowing that they will not be used again. By them or by others. But from now on, the picture will be clearer since the cards will be systematically handed over to the French Government before departure.

[Question] Are the incentives to depart and to be resettled sufficient?

[Answer] Of course, financial aid is only a trigger factor: nobody has been persuaded to go back by 13,000 francs. But the agreement contains advantages which are far more important than the allowance: a journey which is taken care of, customs facilities and accomodation on arrival. In this bilateral framework, both governments take care of the family who applies to go back from the moment of departure till the moment of arrival.

[Question] This cooperation on departures, does it not run the risk of being cancelled out by new arrivals?

[Answer] There is no new immigration, that has ended. In 1972, we still issued 10,000 work permit cards per month. Last year, counting the refugees from Latin America and Southeast Asia, I only signed 80 cards per month; these were special cases dealing with exceptional family situations.

[Question] Does not your policy imply that anybody who wants to remain is entitled to do so?

[Answer] We know that a large segment of the foreign population will select to remain here forever. France has always been a country which welcomes people and immigrants. But since 1968, the work permit cards were automatically renewed every 10 years. Now, they will be renewed for a period of 3 years and 3 months the same as the interim agreement. When the agreement expires, we shall reexamine the situation on the basis of the results obtained. The main thing now is that after 25 years of people immigrating to France, we have started getting them to go back forced to do so by unemployment. The fact that Algeria recognizes this new necessity is a big achievement for us.

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COUNTRY SECTION

FRANCE

TERRORIST ORGANIZATIONS INFILTRATE POLICE FORCE

Paris LE NOUVEL OBSERVATEUR in French 27 Sep-5 Oct 80 p 39

[Article by Georges Marion: "Well Protected Fascists": For related article please see JPRS 76730, 30 October 1980, No. 1647 of this series pp 29-36]

[Text] Direct Action broken up: 1200 kg of explosives discovered on a farm in Ardeche, the former girl friend of Pierre Conty and two other persons arrested last week. Coming after the exciting capture of Jean-Marc Rouillan and Nathalie Menigon, it seems clear that, this time, it should be the end of the terrorist organization. At the headquarters of the criminal police, they are rubbing their hands with glee and revealing, "in confidence," the trick which permitted lightning fast operation: the infiltration by a police officer from RG [Intelligence] into the network. It was the police officer who succeeded in luring the terrorists into a trap by promising them a meeting with the elusive Carlos. In the language of the police, it was what is called a "fine job."

On the other front, however, it is a different story: the fascist terrorists make free use of bombs and Molotov cocktails, while the police remain powerless. The latest targets: Henri Nogueres and Salomon Milgrom. During the night of 21-22 September, in Paris, an incendiary device destroyed the apartment of the daughter of Nogueres, a lawyer and chairman of the League of the Rights of Man. At the same time, a fire set by an arsonist destroyed the business place of Milgrom, who was a Jewish merchant in the Sentier district. During the night of 25-26 September, again in Paris, a Jewish synagogue, nursery and school, as well as the memorial to the unknown Jewish martyr were machine-gunned. In all these cases, there is no doubt about the origin of the attacks: at the home of Henri Nogueres, the police discovered about a dozen squares of cloth bearing the swastika and, the next day, the network calling itself "The Honor of the Police," took credit for the attacks. As for Salomon Milgrom, the walls of his store were covered with Hitlerian slogans and symbols.

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These attacks, which closely follow the trial of Marc Fredriksen, head of the former FANE (National and European Action Federation), charged with inciting racial hatred, were predictable. An anonymous message had announced that if the fascist head were convicted, a dozen people, identified by name, would have to fear for their lives. The verdict against Fredriksen will not be handed down until next 17 October, but his followers have already gone into action. With the obvious intention of intimidation.

In a few months, some 30 similar attacks have been perpetrated, aimed at Jewish stores and also buildings inhabited by immigrant Moslems, offices of antiracist building or leftist bookstores. Anti-Jewish or anti-Arab "pogroms" accompanied them. With few exceptions, due, for the most part, to chance, the police have not discovered the perpetrators. Worse, the courts have been lenient with them and severe with the victims... On last 2 June, two FANE militants were arrested in Clichy-sous-Bois with, in their car, clubs and Molotov cocktails. Avoiding any serious investigation, even though 3 days earlier an Algerian had been attacked with a razor not far from there, the prosecutor of the Republic turned over the young Nazis to the criminal court, which condemned them to 4 months in prison, with a suspended sentence. Two weeks later, six young Algerians, armed with clubs and determined to protect their community, were arrested in turn. They are still in prison, awaiting trial and may be expelled.

What kinds of help are these French Nazis receiving? Asking for the formation of a parliamentary investigation committee, the General Police Union, the main organization of the Paris "gardiens de la paix," "wonders about the few serious results which have been obtained at the end of these investigations" and condemns "those who spread or allow to allow to be spread a racist and fascist ideology in certain branches of the police." For its part, the National Autonomous Union of Plainclothes Police, which counts as members 80 percent of the inspectors of the National Police, reveals that an inspector working in an important job in the personnel office and in the police academies was a member of the former FANE. An isolated example? It is now certain that the organization which has been dissolved had in its ranks a sizeable number of police--30 out out of 500 members!--and that in certain branches, in particular the Paris RG branch, assigned to the surveillance of the extreme right, fascist police are not rare. It is not surprising that, under these conditions, the Criminal Brigade often lacks information which would allow it to make progress in their investigations of fascist attacks.

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Effective against Direct Action, inoperative against the extreme right, the police are on the carpet. But, for many, the reasons for this strange situation is a problem which has gotten out of hand. Determined, a spokesman for the Jewish Defense League, which was organized after the attack on the university restaurant on the Rue de Medicis in 1979, explains: "The Nazis are going to pay dearly for the freedom to call themselves Nazis. The police have done nothing to protect us. After the next attack, some of us have decided to go very far in reprisal. Right up to the irreparable." A dangerous, explosive situation which can only be changed by the arrest of the thugs belonging to the extreme right. Is that really so difficult?

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COUNTRY SECTION

FRANCE

POLICE INVOLVEMENT IN TERRORIST ATTACK IMPLIED

Paris L'EXPRESS in French 11 Oct 80 pp 125-126

[Article by Liliane Sichler and Jacques Derogy: "Police: the Crisis of Confidence"]

[Text] After the crime in Rue Copernic, the police are investigating, the police are accusing, the police are accused.

The investigation? In the Central Department of General Intelligence, the data cards are piling up by the hundreds. "We are not suffering from a shortage of trails to follow," remarks a General Intelligence inspector, "but from an excess." What about the accusations disclosing infiltration into the police by neo-Nazi elements? Everyone is holding his breath after the shattering declarations by the Independent Federation of Police Trade Unions. The accused? A shadowy list of 30 names of police officers is circulating. No one has seen it; even those who talk about it refuse to give details.

To arrive at this hodgepodge of anathemas and convulsive passion, a crime was necessary--the butchery of a racist, anti-Semitic outrage that reawakens the nightmares just below the surface.

On Friday 3 October, there were many children in the temple of the Israeli Liberal Union on Rue Copernic. It was the "Joy of the Tora" (Simhat Thora) feast day, and in accordance with tradition, the youngest were going to receive sweets and exotic fruits. Seventeen meters away, assassins were watching. They had parked a Suzuki 125 motorcycle on the sidewalk across the street, its bags full of explosives. At 1838 hours, a few minutes before the exit of the 300 faithful, the street was suddenly ripped open. The mixed odor of smoke and coagulated blood in the gutters grabbed at the throat. Four dead, torn to pieces. Wounded screaming in pain were laid out on the tables of the Cafe Le Villarceau, transformed into an operating room. All of France woke up and shuddered: "they" have dared, "they" have started in again.

"We Are Hitting from All Sides"

"They," in public opinion, and there is no doubt about it, are the fascists, the neo-Nazis, the racists, the underground forces of a terrifying Black International. For the men of Commissioner Marcel Leclerc, the boss of the Criminal Brigade, things are not so simple: "We are hitting from all sides." The hypothesis of far-right outrage is only one of the possibilities being considered. Another trail is

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being followed: that of a foreign plot. On Saturday, General Intelligence was talking about a node of black terrorism in Belgium. On Monday evening, two tiny neo-Nazi groups were under examination--La Nouvelle Acropole [The New Acropolis] and Totenkopf (literally, Death's Head). Finally, the idea emerged on Wednesday that the bombers came from the Near East.

In the Criminal Brigade, 160 policemen are mobilized. Some 20 fascist militants have been interrogated, then released. Out of 100 militants of the former FANE (National European Action Federation), 96 have given information to the police. It includes gossip, tattle, jealousies, etc, and it is difficult to sort through.

At the site of the outrage, the police are scraping for any clue, no matter how small. For the moment, they have only one serious trail to follow: the carbonized motorcycle. It is the only vehicle that has not been claimed. From the engine number it has been possible to identify its most recent owner--a holder of a Cypriot passport, who, according to the police, spoke good French with a Middle East accent. He bought the Suzuki in France, with dollars. The strange buyer's trail was picked up in a Paris hotel, Le Celtic. Too late. He spent only one night there--likewise paid for in dollars. He disappeared on 22 September.

On Thursday, though, no line of inquiry was a favorite yet: on the demand of the Court of State Security, warrants have been issued in the Rhone, Isere and Drome departments. Several persons in them have been questioned.

Wearing tennis shoes and shabby clothes and with circles under their eyes, the inspectors pass one another on the monumental stairways of 36 quai des Orfevres. Ant-like work goes on day and night.

While the Criminal Investigation police are quite tight-lipped, policemen elsewhere are talking and accusing, microphone in hand. "Twenty percent of the members of the former FANE are policemen, Christian Bonnet, minister of interior, is in possession of a complete list of this neo-Nazi group." Jose Deltorn, secretary general of the Independent National Trade Union of Plain-Clothes Police Officers (SNAPC), chose the solemnity of a press conference, the morning after the outrage, to make these revelations. Henri Buch, in the name of the Independent Federation of Police Trade Unions, went farther: "The top hierarchy of the police knows about this, there are complicities...." These men through whom the scandal is coming out are not unsettled persons or more or less irresponsible extremists. They represent 80 percent of the plain-clothes and uniformed police. Why, then?

At the headquarters of the SNAPC, in Rue de Lyon, the telephone rings constantly. Rank-and-file policemen grumble and gripe. "I was called a fascist in my apartment building this morning." "You're not improving our image." "If you keep on, I'm resigning...." Deltorn, his face blurred behind enormous eyeglasses, draws in a sunny accent: "It is not easy, for a policeman, to do what I am doing. Our rank and file were not prepared for this kind of action, we are going to explain ourselves."

Called to the Inspectorate General of the National Police (IGPN) on Monday, Deltorn softened his remarks a little. "I had said that the minister was aware of this; I meant to say the hierarchy.... I said that information had been deliberately withheld, but I simply wanted to raise a question that it was important

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to raise." Buch, called to the ICPN the same day, declared that he had "handed over some new items that he would later provide to the higher organisms. The ball," he said, "is now in the minister of interior's court."

What items, what ball? Everyone is on pins and needles. Who are these 30 policemen whose names are supposed to be on the list seized from the FANE? Who are these black sheep of the police? The trade unions obstinately refuse to give the names. They assure that the list seized by the Criminal Investigation police had to be transmitted to the highest level. If, by chance, it has not arrived there, they demand to know at what level the information was blocked.

No one seriously thinks that the assassins or the accomplices of the assassins of Rue Copernic are to be found on this elusive list. But in the face of the horror awakened by the Nazi outrage, what is being manifested is perhaps the symptoms of a very old malady of the police.

The Ministry's "Mole"

Nazi police? Racist police? No, quite obviously. The trade unions are the first to speak of isolated events, a "tiny handful of undesirables." But everyone knows that there have been precedents--the Charonne metro massacre in February 1962, by policemen of a prefecture company who were never restless; the reinstatement into the police of those "purged" at the Liberation, thanks to prefect Jean Baylot, in 1951; and then those engaged in far-right movements in 1958. In his book "La Police, pour Qui? Avec Qui?" [The Police--For Whom? With Whom?], Gerard Monate, the former secretary general of the Federation of Police Trade Unions, accused two trade unions--the Middle-Ranks Union and the Independent Trade Union--of deriving from the former Friendly Society of those "alienated" from the administration, the purged.

Old distresses, old obsessions, old shames are thus surfacing again. Even if the police hierarchy expresses surprise: "Racists, did you say? Impossible! Nazis? Ridiculous!" Even if the 30 police officers who are supposed to have belonged to the FANE have never existed. There are some facts that legitimize all the questions.

In 1975, police sergeant Jacques Delmas was sentenced, in the court of first instance and on appeal, to 2 years for having emasculated an Arab in the police station of the 5th Arrondissement of Paris. The administration obtained the president of the republic's pardon for him. Delmas did not spend a single day in prison; he was simply removed from his duties in the Public Security department.

On 3 September 1974, Sergeant Marchaudon killed the perpetrator of a holdup. He had to be overpowered to keep him from killing the other bandits. The matter was shelved and had no sequel. Three days later, he killed an Algerian pick-pocket at the Anvers metro station. The case was dismissed on 24 June 1977. Transferred to the Sceaux police station, on 23 August 1977 he killed Mustapha Boukhezzer at point blank. Suspended, he is still under criminal investigation, but he has become one of the "martyrs" of the Legitimate Defense organization, whose gospel he propagates from police station to police station.

These are a few "case histories" which by themselves created an atmosphere, a favorable ground for many accusations. The list--true or false--of the 30 po-

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lice officers in the FANE underlines a crisis, a malaise that has hung over the police for a long time. "Let them give me names," exclaims Marcel Bonnacarrere, director of personnel and schools; "what is this mysterious list?"

In the Police Department administration, they swear that scarcely five names are involved, listed under the heading "policemen to contact," in a notebook seized from the entourage of Marc Fredriksen, the "fuhrer" of the former FANE. As for the neo-Nazi "mole" who infiltrated the Ministry of Interior, Bonnacarrere now admits that he has known his name since the Durand affair: "I put trust in him, I made inquiries, and no one can accuse this man of anything. He does not belong to any organization. And I know that the crime of opinion does not yet exist in France."

Criminal investigation may be exiling the phantoms of the neo-Nazi nightmare toward the Mediterranean basin. This police crisis will have made it possible, despite everything, to drive a raving fauna of French Nazis into the orbit of a far more formidable Terrorist International.

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COUNTRY SECTION

ITALY

UNION LEADER DISPUTES MINISTER ON LABOR MOBILITY

Statement by Labor Minister

Milan IL SOLE-24 CRE in Italian 4 Oct 80 p 1

[Signed statement by Minister of Labor Franco Foschi]

[Text] The most heated discussions have developed around the subject of labor mobility. We are publishing herewith a statement by Minister Foschi on this subject.

In the course of the Fiat dispute I have been accused on several sides of being opposed to mobility. In reality (and I have attempted on various occasions to explain this) the problems are very complex both from the contractual standpoint and in general. For this reason I believe it appropriate to clarify--at least in its general aspects--the views of the minister of labor on this sensitive subject.

The request for an active labor policy must be reconciled with an economy such as the Italian economy, which is incorporated into the broader world markets: an economy which--because it has to take into account the necessary technical progress and the changes in world and domestic demand--tends continuously to produce surpluses and shortages of manpower at the various stages in the economic system. When these phenomena are not rapidly reabsorbed, the effect on the enterprise system is negative.

The problem of mobility is therefore of fundamental importance. It is basically a question of transforming into variable costs those costs which have become fixed labor costs, so as to give companies greater flexibility in the utilization of their labor force while at the same time taking advantage--together with the labor confederations--of the opportunity to adopt new forms of employment on a predetermined variable schedule. This should increase employment and avoid recourse to foreign labor, contract labor and home labor--that is to say, an unstable labor supply.

An active policy, and the need for creating the instruments essential to implementation of that policy, should therefore be the object of a maximum effort on the part of the Ministry of Labor. Moreover, agreement has been achieved among all the political forces to support this policy--because the delicate nature of the problem, and the urgent necessity of a solution, could not escape the attention of these forces.

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The problems of the labor market require first of all an updating of an information system that is today seriously inadequate, so as to make possible a timely determination of the trends in supply and demand, and also the development of the necessary experimentation with respect to the measures to be adopted and the choices to be made.

If occupational imbalances of a quantitative nature persist in particular geographical regions, the specific problem will be the impossibility of striking a balance between supply and demand in the labor market because of the qualitative differentiations which characterize them.

These efforts would be reinforced by entrusting the collaborating regional and district organs with more serious tasks, including those sensitive functions which are acknowledged to be theirs in the interest of achieving mobility. In this context, the profound innovations introduced should make it possible to attain the goal of reemploying the surplus workers while reconciling this necessity with the need for guaranteeing the right to work to those who have never found employment. The principle of harmonizing the rosters of workers who are in a state of mobility with those of the unemployed--a principle borrowed in essence from the 19 July 1979 agreement concluded for the metalworkers of the private sector--is situated in a context which is quite different from the one identified in the law of 12 August 1977, No 675, the implementary gaps in which are quite obvious.

This measure is equally definitive by virtue of the fact that it has provided a well-defined arrangement for observation of the phenomena that tend to characterize the labor market.

Reply to Labor Minister

Milan IL SOLE-24 ORE in Italian 5 Oct 80 p 2

[Signed statement by Felice Mortillaro, director general of FEDERMECCANICA]

[Text] Felice Mortillaro, director general of FEDERMECCANICA, (today replied to Minister of Labor Foschi's statement (released yesterday) on the subject of labor mobility.

In Italy the subject of labor mobility has been discussed for at least 6 years, during which time the government organs, the political parties and the unions themselves have had to accept the evidence of a world economic situation that has not allowed (and does not allow) our companies to escape from the stern law that compels the utilization of labor (and therefore the defrayment of the costs of that labor) in accordance with the requirements of the market, which reflect one thing and one thing only: the demand on the part of millions of consumers all of whom--when they select a product--are acting in conformity with the implacable law of the greatest benefit.

Mobility, therefore means the utilization of manpower where the actual need for it exists, with a view to producing goods competitively, at prices which are the most appropriate to the quality of the goods and the purchasing power of the consumer.

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These are obvious considerations which for a long time have been disregarded in Italy, where in many cases an effort has been made to protect jobs after the need for the labor they represent has ceased to exist--because the goods produced by that labor have subsequently been displaced by other goods which are of superior quality and offered at lower prices.

However, although everyone professes to agree in principle with these "truths" little has been done so far to translate them into reality: that is to say, little has been done to prepare the technical and social instruments that will make it feasible--on the Italian political and economic scene--to carry out an operation such as for example the "Labor Mobility" operation, which impacts delicate balances involving individual interests, habits, and personal relationships which basically constitute the motivation for living of millions of human beings.

The 16 [sic] July 1979 political contract of the metalworkers established rather precise and coordinated procedures for transferring "labor mobility" from the realm of debate to that of everyday reality. I want to emphasize (and can do so because I personally participated in the negotiations leading to conclusion of the agreement) that these procedures were painstakingly considered, thoroughly discussed and meticulously negotiated, and are not, as alleged, a mere indication to future legislators. They were supported by the unions as an "historic" decision: "historic" in the sense that they marked--for the labor movement--the transition from a last-ditch defense of existing jobs to a policy that gets the labor force back into the market without neglecting the defense of the individual worker. The fact that today, in the Fiat conflict, the unions are refusing to apply these provisions and are finding authoritative supporters for their position should open everyone's eyes to the fact that industrial relations in Italy are becoming increasingly ungovernable.

The procedures for mobility that are set forth in the metalworkers' contract are too well known to require repetition here. It should be noted, however, that they can be applied immediately by utilizing existing laws. It is a question of the willingness of the government organs and the unions to set in motion a mechanism which can function quickly and well and naturally will be directed with care.

An organic measure to provide for labor mobility is assuredly necessary. Pending action by the legislators, however, let us implement what has already been accomplished at great cost and with great effort. It would be--among other things--a not inconsiderable opportunity to reevaluate the function of the collective industry-wide contracts, which continue to be the target of blows that will ultimately result in their destruction.

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COUNTRY SECTION

ITALY

GRANDI INTERVIEWED ON ENI'S ENERGY POLICY

Milan CORRIERE DELLA SERA in Italian 4 Oct 80 p 13

[Interview with Alberto Grandi by Alberto Mucci: "ENI Counts Heavily on Coal; Results of U.S. Trip"]

[Text] Alberto Grandi has been president of ENI [National Hydrocarbons Agency] for little more than 4 months. He repeated, "no interviews. You will judge me by my deeds." His first commitment? "To close the open meetings of the Group Companies, to give directives after the power vacuum created by the well-known events of the 'ENI Summit.'" Today he decided to speak. It was a 3-hour discussion in the EUR skyscraper. He had no notes or data. An international cyclone blows from the Middle East that can have important consequences if that cyclone is not confined; another cyclone has directly and heavily involved ENI and is tied to the fall of the "big economic decree:" Important commitments risk collapsing; completed programs can be subject to profound changes. Grandi is confident, as befits a businessman who believes in professional commitment. But he does not hide the difficulties from himself. There is the question of the chemical industry with SIR and Liquichimica; there is the petroleum question linked to strategic stockpiles; there is the matter of settling relations with the Monti group; there is the energy plan that changes the map, focussing on coal...

[Question] Engineer Grandi, do these cyclones lead to a change of strategy, to a rediscussion of commitments taken; or is ENI equipped to resist the blows of sudden storms? Let us begin with the war between Iraq and Iran.

[Answer] Certainly, but I must say immediately that ENI for some time has followed a strategy of diversification of energy sources. The conflict in the Middle East poses industrial and organizational problems for us; we have brought our workers and their families home and all this will create, beyond the developments of the war, delays in the completion of current projects and questions concerning future projects. But for the time being there is no supply problem. Two days ago I authorized one of our tankers to pass through the Straits of Hormuz: It will load crude in the Persian Gulf. From Iraq we import 10 million tons per year, equal to 25 percent of the petroleum acquired by ENI (10 percent of the national supply). We are covered until the end of the year. And I hope that in the meantime those nations with which we have above all good relations will return in peace!

[Question] But there are the 10 million tons you mention, while Iraq has let it be known that it has blocked supplies for the time being.

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[Answer] The 10 million tons is the annual supply and we are already in the month of October. Therefore the eventual shortage, at least for 1980, is a lot lower. In any case, in the last trip to the United States with Minister Bisaglia, I obtained an option on crude from an American company which would permit me to make up for the shortfall. The appropriate AGIP [National Italian Oil Company] officials are discussing terms of supply with their counterparts.

[Question] For the moment, therefore, we need not worry. There are the necessary stockpiles; possible "holes" will be covered. Then let us turn our attention to the medium-term strategy. There is the revival of coal. You went to the United States with Bisaglia after having made trips to Iraq, Kuwait and to Algeria. What is the overall picture?

[Answer] ENI counts on a still more marked internationalization, on a diversification of the sources of supply and the energy sources themselves. All this, as far as ENI is concerned, involves an organizational plan and a rationalization, an improvement of our activities, a bureaucratic refinement and the reduction of centrifugal tendencies.

[Question] Let us proceed in an orderly fashion, Mr President. ENI is seeking new supply areas (the North Sea beyond the 62nd Parallel, for example). But in the meantime the subject of coal is an immediate one...

[Answer] Yes. Not only is it necessary to diversify the sources of supply, but it is also indispensable to reduce the relative weight of petroleum in the mix of energy products used to satisfy the overall national consumption. That is, the consumption of certain products would have to be favored, such as for example methane and coal, without neglecting nuclear power and certain other alternative sources which become competitive as the price of petroleum rises. ENI has done much and can still do much more. But the problem also and above all must be answered in political terms.

[Question] Coal, then, which has been rediscovered by the new Italian energy plan. The "big decree" appropriates 60 billion lire for SULCIS; did you discuss this possibility in the United States?

[Answer] Here we enter into the substance of the Italian position. But I would like immediately to report some news that in my view is positive and important. We made an agreement with ENEL [National Electric Power Agency]: Coal from the mining activities in which we participate, or in which we will participate in joint ventures with companies or agencies of individual countries, will be absorbed by ENEL on the basis of agreements that will be stipulated by a special joint committee. The hypothesis is to produce enough coal to cover 50 percent of ENEL's need. Another piece of news: In the very recent trip to the United States we established the basis for entering into important American research projects into de-sulfurization, degasification, and the liquefaction of coal. These procedures are indispensable to permit use of coal by SULCIS. And there is the specific possibility that the American Department of Energy or U.S. companies will make agreements, and even industrial agreements, with us for the exploitation of Sardinian coal. In 1985 to 1986 we could extract 3.5 million tons of coal.

[Question] But at what price? And wouldn't the collapse of the economic "big decree" which appropriated 60 billion lire make possibilities more remote?

[Answer] We shall see. The political forces are committed to overcoming the impasse. Certainly no one can think of cancelling measures of such vast social and national scope. Regarding the price, it will be in line with those on the international market. The energy plan puts the cost of a kilowatt hour produced by a coal-burning plant midway between the cost of a similar kilowatt hour from a nuclear power plant and that produced by a thermoelectric plant. But Italian nuclear power plants today face construction difficulties. Even if--as I hope--this prejudicially negative position can be over come, it will be difficult to develop them in adequate numbers in this decade.

[Question] And what about Algerian gas? Where are we after your recent visit? And here too there is a problem of price,...

[Answer] The problem of Algerian gas belongs in the framework of the supply program of gas in the near future. ENI believes that it must increase the quantity imported within the framework of diversification of sources: And where possible, vary the geographical source. In the meanwhile, the present imports of Dutch and Soviet gas (we are now negotiating in order to evaluate the possibility of buying new Soviet gas) carried to Europe through the planned mastodontic gas pipeline from Siberia, in whose construction ENI has hopes of participating, and that coming from Libya in the form of liquefied gas, will be added also the gas that will come from Algeria through the methane pipeline, the formidable engineering project completed by companies of our group. From Hassi R'Mel it will reach Italy through the Sicilian Canal. Prices are being discussed for all these supplies, taking into account that the present market does not permit precise points of reference. However, I believe that a solution could be found if we should run into notable methodological differences in the definition of price by resorting to short-term contracts.

[Question] ENI is being called to new tasks. SULCIS rained down on it as a result of the collapse of EGAM [Agency for the Management of Mineral and Metallurgical Concerns]; now it must "activate" the so-called "public pole" of the chemical industry, and then there is the matter of settling Monti, with journalistic polemics that also touch it personally.

[Answer] If you want, I also can engage in polemics, but before entering into the merits of the question, I am anxious to repeat that ENI is not a company integrated with community service in name only. We have a precise role, and we carry it out on the basis of business criteria. The cost-benefit comparison is read by me and my collaborators with extreme care. We are proceeding on the road of "homogenization" of the businesses we have absorbed and of those which, by our choice, we found it necessary to buy in function of a precise strategy of efficiency.

[Question] Does that statement refer to the discussion about the Monti group?

[Answer] Exactly. And I will now come to the merits. We have begun negotiation for the acquisition of the Monti group's industrial activities because it was in the interests of ENI to do it. When I was named president, I immediately called a meeting with the AGIP management to learn about the status of current contacts

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and reasons why AGIP had already made agreements on the purchase value of certain plants. I discovered an AGIP priority interest in the purchase of the SAROM [Elevator Company, Rome] of Ravenna (which was not under the administration of a commissioner), for many reasons, all of which in my view were very valid (location, agreement with ENEL for the supply of fuel oil to the nearby electric power plant of Porto Tolle, existing participation by ENI in the relative pipeline, the possibility of liaison with our IROM [Petroleum Refining Industry] refinery of Porto Marghera, etc.)

AGIP, then, was interested in the MACH [Industrial Plants] distribution facilities, for which it had already made a purchase offer in agreement with other companies, as well as the storage facilities of the Volpiano and Gaeta refineries, in the event that by government regulations (Decree Law 655 presented to parliament on 14 January 1980) it would have had to take on the responsibility for supplying administration of a considerable part of our country's strategic stockpiles. In this case, it would have been necessary to build new storage facilities at much higher cost over a longer period of time, leaving existing storage facilities unused. AGIP did not demonstrate great interest in the Mediterranea refinery (Milazzo), instead demonstrating a willingness to participate as a minority interest in it if its participation could have induced other interested parties to buy it.

[Question] Then you confined yourself to advancing the AGIP proposals despite the explosion, immediately after your entrance into ENI, of the Kuwait trouble which threatened a lawsuit against Monti?

[Answer] Yes, Kuwait's position concerned the government considerably because it could have caused irreparable harm with a nation that is an important supplier of crude. I intervened and I created a mixed joint company administered by AGIP, through which ENI controls the SAROM Financial Company and, consequently the Ravenna Refinery. The price of SAROM Financial Company stock bought by GALFA of the Monti group was 1,600 lire (when the value on the basis of accounting data was 2,400 lire). Taking into account this difference and the fact that we held the GALFA stock as collateral in the mixed company referred to, I can calmly say that the entry of ENI into the debtor position of the Mediterranea Company to Kuwait is fully guaranteed even if the sale to third parties of the Milazzo Refinery by the receiver were by an absurd hypothesis to be for a zero sum. But there is more. On the basis of the resumption of good relations between ENI and Kuwait, following its entry into that position, we opened negotiations to purchase crude oil from Kuwait and furthermore the possibility was advanced of a representation of the Kuwait Petroleum Company in the Milazzo Refinery. All this can be finalized if the SIR problem were to be resolved in a short time, because even that company was a Kuwait debtor.

[Question] Then even this settlement is delayed by the collapse of the economic "decree?"

[Answer] That's right. I had a check ready to pay the debt to Kuwait, but it was not signed. We will see.

[Question] The SIR problem is only a small part of the much more complex problem of the chemical sector. Even here everything still has to be defined, while Montedison shows a sharp increase in losses, following the recovery in the early months of this year...

[Answer] The limits of our intervention in SIR show up in the "economic big decree." We await operational guidelines by the government in order to be able to define our programs. Through the more efficient incorporation of company plants that will be administered by ENI, our programs aim toward the objective of creating lines of production that also will be attractive to international producers. This will permit not only the purchase of important financial shares (and therefore foreign capital), but especially acquisition of more modern technologies and markets. In this way, ENI will immediately take a position on the international chemistry market, in my view taking the only road possible to correct deficit situations that otherwise could seriously and definitively compromise the economic solidity of the Group. Naturally this possibility of rationalization of public chemical companies, which I hope to achieve through foreign participation, could be profitably achieved also through sectoral agreements with Montedison.

[Question] The social debate today is polarized around the employment theme. The priority objectives you announced for ENI, when you took the position, are: Internationalization, rationalization of the chemical sector, careful administration of energy sources. And what about employment?

[Answer] Just a minute. In my judgment industry cannot alone solve the country's employment problems; this must be done in a broader context. ENI is a large developing enterprise with precise programs that surely will be a tonic for employment especially in some particularly delicate regions such as Sardinia and Sicily. The possibilities of success are much broader the greater the cooperation between the political forces and trade unions through confrontation on factual data. Realism is needed. In particular, it is necessary to be able to implement a true reasoned mobility which will permit us to close gaps and at the same time to open new possibilities. A strategy of movement also is needed in the field of labor. We will make an effort to explain it, and then to implement it.

The Group's Financial Profile
(Data refers to 280 controlled companies, in
billions of lire, as of 31 December 1979)

Sales net of intragroup exchanges	18,403.7
Sales net of taxes on petroleum products	15,655.4
Consolidated profits	42.1
Amortization	1,512.6
Investments 1979	1,545.5
Five-year investment plan 1980-84	15,703.8
Net indebtedness	7,092.8
Number of employees	121,257
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COUNTRY SECTION

ITALY

CGIL SOCIALISTS DEFEND UNION AUTONOMY

Milan IL SOLE-24 ORE in Italian 2 Oct 80 p 7

[Article by Rita Bisestile]

[Text] Milan--Labor union autonomy is in danger: the exit of Berlinguer, who had promised the support of the PCI [Italian Communist Party] organization in the event of the occupation of Fiat, is only the tip of the iceberg.

This problem has already been faced on numerous occasions by the UIL [Italian Union of Labor] and CISL [Italian Confederation of Labor Unions]. This time it is the socialist component of the CGIL [Italian General Confederation of Labor] that is involving itself with the problem and is not concealing its fears and concern.

Yesterday in Milan the Lombard socialist cadres of the CGIL met "to discuss the effects of the government crisis; the time and methods of organization of the preparatory consultations for EUR-3 and the problems of autonomy."

In the course of the debate the political and organizational aspects have suddenly become issues of secondary importance. The most serious tensions pertain to relations with the PCI and are manifested most violently among the rank and file, gradually attenuating into attitudes that are increasingly cautious and restrained as one approaches the top levels of leadership; but this does not mean that there is any ambiguity about the decision of the socialists to defend union autonomy against interference by political parties.

The harshest accusation has come from a factory delegate: the all-out agitation in Desio and Turin represents a return to methods of struggle concerning which the union has already had second thoughts. The resumption of these methods is designed solely to "obtain publicity for the party which has taken some hard knocks in an effort to regain votes."

Validation of this hypothesis can seemingly be found in the ambiguous behavior of the CGIL's communist element, which after recently accusing the socialists of having frequently radicalized the struggle are themselves currently encouraging extremist forms of agitation. Whereas we were merely advancing a trade-union thesis, however, the thesis that the communists are promoting today is entirely political in tone.

Bruno Marabese, regional secretary of the FLM [Federation of Metalworkers], has attempted to relate the discussion to observation of the reality with which we must cope: the "all-out" struggles are already in progress, he says, and it is not as important now to "take up the cudgels to control the game with the communists as it is to form a united front against the attacks on the union."

"We socialists," said Alberto Bellocchio, CGIL regional secretary, in his introductory report, "desire a unified CGIL that will lead to a reformist policy, and any interruption of this policy cannot fail to lead to serious dissension." Bellocchio had expressed his own dissent by sharply and resolutely criticizing "the instances of interference that have occurred in recent months in the affairs of the union."

What measures are available to cope with the situation? In the opinion of Mario Dido, a member of the European Parliament, the old weapons are blunted and new capacities and new instruments are necessary to guarantee internal democracy in the union and prevent exploitation of the dissension among the extremist actions.

Dido said that the PCI has not yet "decided to accept the proposition that the union can be a political and economic entity. Its concept of economic democracy," he added, "continues to focus on the state's role in the economy and on the nationalization of private companies rather than on socialization of the economy and the government."

Agostino Marianetti, deputy secretary general of the CGIL, spoke at the conclusion of the debate. He said it is nonetheless objectively impossible for a union such as this Italian union to find itself always--on each and every occasion--in circumstances of the most complete autonomy.

The CGIL component is undoubtedly the one most exposed to this danger, even if the PSI does not renounce its tradition of independence and struggle in order to ensure the autonomy of the union.

"There must be a limit to internal competition, however," Marianetti declared, "so that the strength and unity of the working class may be preserved."

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COUNTRY SECTION

ITALY

EFIM, IASM CONCLUDE AGREEMENT ON AID TO SOUTH

Milan IL SOLE-24 ORE in Italian 3 Oct 80 p 2

[Article by M.B.: "A Greater EFIM Presence in the South"]

[Text] Rome--In the expectation that the "Southernist" policy will find a new law in which to incorporate its concepts, EFIM [Manufacturing Industry Holding and Financial Company] is preparing to battle to make its presence in the South increasingly pervasive. In this connection, an agreement has been signed with the IASM [Institute for Assistance to the Development of the South] providing for systematic collaboration between the two entities in the search for cases in the southern regions where the presence of enterprises belonging to the EFIM group might be appropriate. The objective is to activate joint ventures involving small and medium-sized private enterprises, in accordance with the younger of the Italian public entities, which is charged with operating in the area of manufacturing initiatives of modest dimensions.

The role of the IASM will primarily be to serve as a channel between the private entrepreneurs and EFIM, involving a mutual exchange of information, feasibility studies, and market research. As of now the agreement is valid until 31 December 1981, and its renewal will depend on the results it has produced in the meantime. In any event, these actions will be in addition to those which EFIM is already implementing in the South, where--since the time INSUD [New Initiatives for the South] (which several months ago passed under the control of CASMEZ [Fund for Southern Italy]) was still operating in its jurisdiction--the policy of productive combinations with the private entrepreneurial sector has been chosen. It is a process which has continued over a period of time and is now being implemented in the construction of a factory for the manufacture of special heat-formed panels for the construction industry and automotive industry; a plant to refine oils for the pharmaceutical industry; a detached facility of the Breda Research Institute; a new research center for mobile proteins; and an aquaculture facility.

This aggregate of initiatives involves Campania in particular, and with an investment of approximately 50 billion lire should provide for the occupation of more than 500 units that will serve to reabsorb the manpower which will become surplus following the restructuration of certain enterprises of the Italian Tobacco Company.

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COUNTRY SECTION

LUXEMBOURG

ECONOMIC SITUATION CONSIDERED AMONG BEST IN WEST EUROPE

Brussels POURQUOI PAS? in French 2 Oct 80 pp 22, 23, 26

[Article by Jean Pourbaix: "Bordering an Exhausted Belgium: The Prosperous Flower Beds of Luxembourg's Garden"]

[Text] The grand duchy of Luxembourg is so close to us, in so many ways, that we only very partially judge the nonetheless very perceptible differences that separate Belgium's and Luxembourg's economies. Differences that, we have to say from the outset, are quite to the credit of the grand duchy's citizens and quite to their legitimate advantage.

A comparison of the growth of Belgium's economy and of the grand duchy's economy--to which the FINANCIAL BULLETIN of the Lambert Brussels Bank recently* devoted a very interesting expose--shows that, in contrast to the difficulties of all sorts that are afflicting our unfortunate Belgium, the grand duchy is enjoying a clearly advantageous situation, that is certainly not due to the whims of chance. Furthermore this impression is borne out by reading the large supplement on Luxembourg that the FINANCIAL TIMES published in the first half of September.

The Lowest Unemployment Rate in the Community

Three basic evaluative factors brought out in the Lambert Brussels Bank survey make it possible to judge how much better and healthier the grand duchy's economic situation is than Belgium's.

First unemployment: 1,100 long-term unemployed in 1979 compared to 294,400 in Belgium. "With a 0.7 percent unemployment rate in 1979, Luxembourg has the lowest number of unemployed in the Community, while the 8.8 percent unemployment rate in Belgium is by far the highest of the Nine."

Going on to public finance: It is on this very important level that the grand duchy stands out the most brilliantly against the disorder reigning in Belgium. "Government services in the grand duchy," note the Lambert Brussels Bank experts,

*"Some Thoughts Concerning the Compared Growth of Belgium's and Luxembourg's Economies," FINANCIAL BULLETIN: Lambert Brussels Bank, No 24, 1980.

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"have been benefiting from a regular and sometimes relatively high surplus for 20 years. Their current revenue (taxes, Social Security and other contributions), expressed in percentages of the gross domestic product, is among the highest in the EEC and well exceeds their expenses."

So Luxembourg is currently the only country in the EEC to record a surplus (+ 1.2 percent in 1980) in the public sector, while Belgium stands out with one of the most excessive deficits (- 7.5 percent of the GDP) right below those of such uncommendable countries as Italy (- 11.5 percent) and Ireland (- 11.2 percent).

The Only Balance of Payments of the Nine Showing a Surplus

It is not only on the public finance level that the grand duchy is outdoing Belgium and all its European neighbors. It is also outdoing them with regard to balance of payments, since the oil "shocks" the Achilles' heel of European economies.

The current balance of payments of the grand duchy--whose stability, we know, influences the monetary state of health of every country--was already showing a large surplus before the first oil crisis set off at the end of 1973. It was possible to maintain this precious surplus although in somewhat pared down amounts, during the period that followed. Things went completely differently in Belgium: our country saw its surplus diminish completely and become, beginning in 1976, a deficit.

Of course, since 1973-74, Luxembourg has experienced a trade balance heavily burdened by the incidence of the extravagant rise in the price of oil products and other raw materials.

In 1974, the grand duchy's balance of trade--the difference in the amounts of exported and imported goods--still continued to register a positive balance of 9.4 billion francs. As positive as it was, this balance became progressively negative to the amount of 10.9 billion in 1977 and 12.5 billion francs in 1978. This--inescapable--deterioration of the trade balance has not prevented Luxembourg's overall current payments or settlements with foreign countries from showing a surplus of 20 billion francs or thereabouts in recent years (18.1 billion in 1976, 21.0 billion in 1977, and 21.7 billion in 1978). This is explained by the fact that the trade deficit was more than balanced by the surplus brought in by payments for services.

In other words, the negative balance of the trade balance found its antidote in the positive balance in the balance of services: financial services first of all, but also air transportation, communication services, Luxembourg Radio-Television, European institutions, etc.

The "Services" Precious Manna

In short, there where the trade balance for fiscal year 1978 (the latest known) shows the previously mentioned deficit of 12.5 billion francs, the balance of services is positive to the amount of 35.3 billion, while the positive balance was only 15.3 billion in 1974. It is not without interest to know that this saving balance of services is basically brought in by trading and investment revenues and this for a net amount going from 12.8 billion francs in 1974 to approximately 28.4 billion in 1978, while the net product of "other services" advanced from 3 billion to 7 billion in the same time period.

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Consequently, according to the estimates of the Lambert Brussels Bank and corroborated by the statistics of the European Communities Commission, the grand duchy in 1980 will probably be the only country in the EEC to record a surplus in its current balance of payments.

The Luxembourg surplus (for a population of 358,000) could be as high as approximately 600 million ECU [expansion unknown], or approximately the equivalent of 24 billion francs. On the contrary, Belgium (9,860,000 inhabitants) in its current payments with foreign countries, will see a new "hole" open up--larger than that of the preceding years--of 4 billion ECU, the equivalent of some 160 billion francs...

The least that we can say, seeing the excellence of the grand duchy's domestic and foreign finances as well as its employment situation is, to quote the words of Lambert Brussels, that "Luxembourg's economy appears to be one of the most privileged in West Europe," contrary to a dreadfully handicapped and mortgaged Belgium economy.

After the situation reversals and the setbacks in fortune that have occurred in a still relatively recent past, even though not superstitious, we no longer dare use the term economic "miracle."

Yet it is something a little, if not very, "miraculous" that tinges Luxembourg's unexpected economic prosperity in these years when Europe is being tormented by the pangs of the crisis.

It would be informative and instructive to try to uncover the bases and incentives of this Luxembourg miracle. And perhaps also the hidden weaknesses.

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COUNTRY SECTION

SPAIN

CONSTITUTIONAL PROVISIONS FOR ANDALUSIAN AUTONOMY

Article 144, 151 Controversy

Madrid CAMBIO 16 in Spanish 5 Oct 80 pp 21-24

[Text] Andalusia is well worth a plate of lentils. Alejandro Rojas Marcos, leader of the Andalusian Socialist Party (PSA), negotiated with Martin Villa a compromise to clear up the Andalusian autonomy process. Hours later, Jose Rodriguez de la Borbolla, regional secretary of the Spanish Workers Socialist Party (PSOE) in Andalusia, did not mince words when he claimed in Cordoba that the first break and betrayal of the spirit of 28 February (the date of the Andalusian pre-autonomy referendum) had a name: the Andalusian Socialist Party. Miguel Angel Arredondo, deputy for Malaga in the PSA, came out in defense of his party; he asserted to CAMBIO 16 "that my party would be willing to sell its soul to the devil or to whomever, to defend Andalusia."

I Can't

The government party, the Democratic Center Union (UCD), meanwhile, came out in defense of the PSA when the Andalusian party president and minister of labor, Felix Manuel Perez Miyares, stated in Seville "that the government's offer had been public, and there was never anything done under the table with the PSA." Juan de Dios Mellado and Santiago Traver, of CAMBIO 16, followed the controversy from Andalusia.

"I can't, but you can." Jose Pedro Perez Llorca, then minister of territorial administration, stared at the spokesman of the Catalanian Minority, Miguel Roca Junyent, while at the same time he asked that he make public the 144 solution--the compromise--to open up the Andalusian autonomy process, as well as sound out the Andalusian nationalists of Rojas Marcos and await the reaction of the PSOE.

The Democratic Center Union, after the disaster of 28 February, in which with the exception of Almeria the seven remaining provinces of Andalusia expressed their inclination to go with the 151 solution, did not want to chalk up more mistakes in Andalusia; it preferred to test the water before taking the plunge.

Former UGD member Manuel Clavero came reluctantly to its aid; in a speech before the Club Siglo XXI and in several newspaper articles, he left open the door for a broad interpretation of Article 144 of the Constitution to help Andalusia extract itself from the mire of autonomy.

Felix Manuel Perez Miyares, president of the Andalusian UCD, would be in charge of "testing the water" among the leftist parties and talking with the president of the Andalusian Junta, Rafael Escuredo. He offered the 144 solution to the latter, but the president of the Junta answered that there could be no negotiations with the government on this situation unless the PSA entered into the deal. Perhaps he feared, as CAMBIO 16 was informed by a high-ranking UCD official, that the Rojas nationalists would capitalize on all the discontent and frustration resulting from the 28 February incident.

Roca Solution

Rafael Escuredo tried in mid-summer to gather together the representatives of the PSOE, PCA [Communist Party of Andalusia] and PSA at the Junta to explain the government's offer to them but the nationalists refused to meet with him, accusing him of acting as a member of the Spanish Workers Socialist Part at the head of the Junta.

At the same time, Perez Miyares took it upon himself to explain to the UCD leaders of Andalusia what the Roca solution consisted of, and how it was beginning to be known in Socialist and Communist circles. Jose Pedro Perez Llorca, and later Adolfo Suarez, were informed punctually by Perez Miyares. The president of the government was even reported to have confided to his closest advisers that clearing up the Andalusian autonomy process could be a key element when he reappeared before Parliament, putting Felix Manuel Perez Miyares and Rodolfo Martin Villa in charge of paving the way for Rojas Marcos and at the same time feeling out Rafael Escuredo.

Two days before the plenary session, at which Adolfo Suarez called for a vote of confidence, Perez Miyares told Rafael Escuredo that an agreement had been reached with the PSA to channel Andalusian autonomy through Article 144. He invited the Socialists to join in the government's proposal. Escuredo consulted with Alfonso Guerra and said they would only accept the 151 solution. Perez Miyares, moments before Rodolfo Martin Villa announced to the Chamber of Deputies the points for opening up Andalusian autonomy, looked for Rafael Escuredo to convince him and make a deal with the Socialists. He couldn't find him.

The ones who had to convince their followers were the PSA leaders, who as soon as they arrived in Andalusia began a race against time to explain their surprising decision. While Rojas Marcos kept saying that everything would move forward, in the streets of Andalusia began to appear signs saying: "El PSA, con 151, Rojas Marcos = UCD" [PSA with 151, Rojas Marcos = UCD].

The Andalusian leader commented to CAMBIO 16 that those signs were being painted by the PSOE, not his members. He asked Jose Rodriguez de la Borbolla, secretary general of the PSOE, to prove his allegations that PSA members were quitting the party in Cadiz, Seville, Granada and Cordoba.

Clavero and the Constitution

Manuel Clavero, who continues to pluck the petals of the party daisy, remarked to CAMBIO 16 that "the Martin Villa formula is unconstitutional. I say this as an expert; the manner in which autonomy is pursued is a constitutional question. Any regulation of this process by a law other than the constitution would mean encroaching upon the Constitution's jurisdiction, modifying and degrading it."

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Clavero downplays the accusations that he defended the 144 idea, claiming "that I always said that the best thing was to modify the Referendum Law, as I proposed in the Cortes. Article 144 could only be applied to recognize the triumph of the Andalusian people and to declare that the autonomy initiative was successful in Andalusia through the 151 solution, in view of the results of 28 February and the difficulties that were experienced in Almeria. But I always said that the statute should be drawn up through 151, not using any other organic law. That would be a degradation."

Perez Miyares completely disagrees with Manuel Clavero, and after asserting that the UCD is not concerned that the former minister of culture has launched "his" party, claimed that "Article 144 has the advantage of not contradicting the results of 28 February and assuming that political result. That is, the desire for autonomy expressed by the people of Andalusia. Moreover, this formula allows the Andalusian Junta to be heard, a requirement that is not met by 143 or 151."

Who Won?

Clavero, who has presented a new bill to amend the Referendum Law, sums up his viewpoint thus: "What is at issue here is who won and who lost 28-F. With the Roca-Martin Villa formula, accepted by the PSA, Andalusia continues to be the loser. I am certain that the Catalonians would never accept for Catalonia a degraded formula such as that proposed for Andalusia."

As far as the communists are concerned, their leader Fernando Soto sees the issue very clearly: "Article 144 is a 'rumble' among ghetto youths. It is a doubtful compromise, and there is nothing that can be done. From it emerged the improvised 143 solution, which was designed by some to win votes and by others to justify them."

Concerning whether or not the autonomy initiative will be pursued, Soto was unequivocal: "I don't think they will dare to. They would be irresponsible to attempt an autonomy move against the Junta, which represents the Andalusian people, and against the majority parties."

Since those of the PCA know that the UCD will not go for a repetition of the Almeria referendum, they have come up with another alternative. "We have had to go around and around with this issue, but in the end it did not turn out to be such a hard nut to crack."

This formula consists of a variation of the bill to amend the Referendum Law. "With regard to Point 4 of Article 8, we would have to add that the autonomy initiative would be ratified whenever a single province remained behind, and whenever three conditions are met: that there be a simple majority of affirmative votes in the province in question, and that the Parliamentarian Assembly agree to it. In this case the process would continue, and in the ratification of the statute there could be a requirement that there be an absolute majority for that province to join, while in the others only a simple majority would be necessary."

They plan to present this alternative to Congress, as long as they earn the support of the Junta, "which could present it personally," and of the other parties that oppose the system proposed by the Democratic Center Union, and surprisingly accepted by the Andalusian Socialist Party.

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Articles for Debate

Article 143

The initiative of the autonomy process corresponds to the competent municipal or town councils, and to two-thirds of the municipalities whose population represents a majority in the census.

In case of defeat, the process may be repeated after 5 years.

Article 144

The General Cortes, by means of organic law, may authorize the establishment of an autonomous community when its territorial area is not greater than that of a province, or it is a member of the provincial organization, and may replace the initiative of the local Corporations for reasons of national interest.

Article 151

The initiative corresponds to the local Corporations and to three-fourths of the provincial municipalities with the majority of the electoral census, and may be ratified by means of a referendum with the affirmative vote of the absolute majority of the electorate in each province.

In case of defeat in one of the provinces, the establishment of an Autonomous Community in the manner established in Article 143, shall not be prevented for the remaining provinces.

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Rojas Marcos Interview

Madrid CAMBIO 16 in Spanish 5 Oct 80 p 22

[Interview with Andalusian Socialist Party leader Alejandro Rojas Marcos; date and place not given]

[Text] Hours after the end of the debate in which Suarez submitted his program to a vote of confidence in the Congress, Andalusian Socialist Party leader Alejandro Rojas Marcos explained for anyone who cared to listen his reasons for casting his controversial yes vote after the deal with Martin Villa. Here is the interview he gave to CAMBIO 16:

[Question] How was this agreement reached?

[Answer] It originated in a conversation with Catalanian Roca Junyent, who assured me that he would support us if we decided to favor the 144 formula as an entry to 151. Afterwards, there were talks with the government during the summer, and the process did not end until minutes before my speech.

[Question] But this is not the 151 on which the people voted on 28 February. . .

[Answer] It is the same 151. That is not a number, but a text. Article 144 serves to promulgate an organic law to attain autonomy through 151. There are two ways to

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achieve an autonomy of this type: amend the Referendum Law, or use the special organic law that comes from Article 144. We gave 151 to the people, and that is what they voted on. The people did not vote on whether it should come from an organic law or a special law.

[Question] But the experts say that the two are not the same, and that it is anti-constitutional or unconstitutional. . .

[Answer] The opinions of the experts that have been published are respectable, but partial, because they are all tied to the PSOE or some other party. I do not think it is unconstitutional; it is simply a matter of stretching the Constitution, because clearly 144 refers to an autonomy attained through 143, but now it is an extension of the Constitution. We will apply autonomy through 151. The amendment of the Referendum Law, according to that version, would also be unconstitutional. I think that would be stretching the Constitution more than this application of 144. The constitutionality of the Basque and Catalanian cases was also doubtful, as was the calling of referendums by decree law, and no one said anything about that.

[Question] They say that the UCD tried first to reach that agreement with Escuredo. . .

[Answer] I don't know what number we were on the menu. I doubt that they negotiated with Escuredo, because they only do so with Parliamentary groups. The fact remains that we were able to do it and the PSOE was not. We gave five votes to Suarez, and in exchange we managed to clear up Andalusian autonomy. We demanded that this be made crystal clear to the public, that the Spanish people be aware of the agreement.

[Question] They also say that the agreement included a guarantee of the mayoralty of Seville and some 50 million that the PSA owed to Legio Septima, the advertising agency linked to the UCD. . .

[Answer] Absolutely not. The mayoralty guarantees itself; we cannot negotiate that. I challenge anyone to prove that we owe a cent to the Legio Septima. If we did indeed get those 50 million for continuing to work for Andalusia in addition to achieving the opening up of the autonomy process, then we are political geniuses.

[Question] Then there was the issue of the questioning of Martin Villa. . .

[Answer] Apparently you are well prepared. No one can think that we come to Parliament, press a button and Martin Villa answers, as if it were the "Cesta y puntos" show. We demanded that public explanation.

[Question] But even Clavero came out against it. . .

[Answer] I was glad that Clavero could speak. The Spanish Workers Socialist Party earlier promoted the Platforms of Anti-Capitalist Workers (PTA) to erode the Spanish Communist Party and us. Now it is putting forth Clavero to erode the UCD and the PSA. I am glad because Clavero had publicly defended the 144 solution, and had to pay for ceding the floor to the PSOE by allying himself with them.

[Question] Do the people understand the PSA's position?

[Answer] I am absolutely convinced that they understand our efforts. The same thing happened when we supported the investiture, because afterwards in the municipal elections we garnered more votes than in the general elections.

[Question] Wouldn't it be presumptuous to assume that the people of Andalusia now want this method of proceeding, when the majority of them voted for the other one?

[Answer] It is the vocation of political parties to interpret the people's intentions. We have interpreted it thus in order to open up the autonomy process. Until now, Andalusia has been a center of confrontation for the centralist parties, just as Catalonia and the Basque Countries have been areas of consensus.

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Rafael Escuredo Interview

Madrid CAMBIO 16 in Spanish 5 Oct 80 p 23

[Interview with Andalusian Junta President Rafael Escuredo; date and place not given]

[Text] The Seville airport was the site of a fiesta. Like a victorious bullfighter, Rafael Escuredo was acclaimed, cheered and carried on people's shoulders from the Triana Bridge to his home. The president of the Andalusian Junta once again became a popular leader after his definitive statement: "As long as I am president of the Junta, Andalusia will only go along with 151." That was something akin to the matrimonial promise "until death do us part." The problem is, the divorce of 144 was approved.

[Question] The part about 'as long as I am president' . . .

[Answer] I stand by everything I said, even though the PSA has called me antidemocratic. I said: "As long as I am president and have the support of the institutional majority in the Junta." I think the real antidemocrats are those who spend their time making that kind of minority pact. And with Martin Villa no less, who was behind the autonomy strike.

[Question] Is it logical for a minority group to argue the interpretation of the people's feelings?

[Answer] I think it inconceivably audacious for a group of five deputies to dare make that interpretation of the feelings of an entire people, and to discredit those who have done so. They only represent those who voted for them; we represent the 2.5 million Andalusians who voted yes on 28 February.

[Question] But now the autonomy process has been cleared up. . .

[Answer] I don't think all the obstacles have been removed. But my answer is a personal one, and the real answer will come from the Plenary of the Junta. One thing is clear: on 28 February the people voted for the 151 solution to autonomy. It is not just out of whim that we are confronting the government. The 144 procedure does not give us the autonomy we desire, not in any way, shape or form. The statute that was agreed upon is granted, and thus has been cut and devalued. For that reason we must continue working and striving to ensure that Andalusia obtains the right to acknowledgement of the victory of 28 February.

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[Question] They say that Escuredo was in favor of 144. . .

[Answer] That is not true. I always said I refused to recognize that procedure. Perez Miyares talked to me this summer, and only vaguely outlined what it could mean. I told him that he would have to take into consideration the 2.5 million Andalusians who had voted yes, and that the issue would have to be discussed.

[Question] But afterwards, before the Plenary, there was a kind of negotiation with the president of the Junta.

[Answer] I wouldn't call it negotiation when they track you down in the hall and tell you that the formula is good. I don't think that is the procedure. Furthermore, the formula was not specified. Actually, we still do not know what it consists of. We have only the famous questions and answers by Martin Villa to tell us what it means.

[Question] Can't the present situation lead to the creation of two blocs, which could be damaging?

[Answer] When we had the referendum on 28 February, there was also considerable confusion, and everything fell into place; as someone said, in a characteristically Andalusian way, we were leading the Andalusian people to the slaughter. I do believe, however, that now someone has acted hastily and has given carte blanche to the government. But I think time will reveal once again that those of us who are willing to cross the desert, despite the misunderstandings, are right. In the end, we will obtain maximum protection for our autonomy.

[Question] Hasn't this situation driven the Junta up against the wall?

[Answer] Sometimes the government manages to pull a rabbit out of the hat, to deal an effective blow; but it is only that, if we carefully study the Constitution and the results of the 28 February referendum in Andalusia. We are not up against the ropes; the government is. I am fully convinced that within a month the government will reconsider the matter. It is the classic caution of someone who is going to buy a blanket from a Gypsy. We must remain firm, because if it hadn't stood firm until now, the government would not have taken that step.

[Question] Let us play political futuristics: Suppose the process is begun in Parliament and a statute is written that must be voted on. . .

[Answer] Such a statute, produced in that manner, would be born dead. It would be much more serious than the case of Galicia, because there it took place with the opposition of the national parties. Here such opposition would exist too, along with that of the Andalusian Junta, which represents all the people. It is pure science fiction to assert that such a statute could be written and that all that could happen.

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COUNTRY SECTION

SPAIN

ECONOMIC DETERIORATION, UNEMPLOYMENT PLAGUE BASQUE AREA

Madrid CAMBIO 16 in Spanish 21 Sep 80 pp 46-48

[Article: "Euskadi On the Brink"]

[Text] In 1975, the available family income in Biscay Province was the highest in Spain; in 1977 it ranked 8th, and now it is not among the top ten. A prominent Guipuzcoa financier told this magazine, "This is going to the brink, and we could all collapse."

The flight of investment, a galloping unemployment, fear in the streets, distrust among politicians and the indiscriminate violence being spread by terrorist gangs comprise the essential features of a very serious crisis that extends throughout the Basque Country with greater danger than an epidemic of plague.

There is every indication of the arrival (slowly but relentlessly) of a long period of very lean years, which will remind us of the flourishing times when rapid growth was sought in steel (what was called the "iron and steel monoculture") as well as strengthening of the large sectors for ship construction and capital goods, on which the battered Basque economy is based.

The crisis in those sectors has caused all the public funds to be insufficient to pay wages, cover the cost of unemployment and back business forms, in order to prevent everything from collapsing in an uproar. The downfall of the markets traditionally supplied by Basque industry, the structural time-lag in the large iron and steel companies and the lack of economic decisions do not seem to indicate any courses of action for a solution.

Among the business sources queried, the disappointment at the Basque government's negotiating capacity is one of the reasons for the present discouragement. They said: "The situation is qualitatively the same as it was 3 years ago, because we still lack what we need: control of the resources in order to be able to take action on them, and hence be able to enact a really autonomous policy."

Social Ills

How does the average Basque citizen react? A disturbing symptom of social ills seems to have compounded the threat of economic bankruptcy. The leader of ELA-STV (Askatasuna) [Basque Workers Solidarity], Javier Fresnedo, remarks: "The Basque

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social fabric is so deteriorated that it can break anywhere. There is a lack of conviction that this can be improved by working and working." He adds: "We must make our business firms profitable and competitive. We cannot request billions all of a sudden for Babcock Wilcox and companies of that kind, when once they consume it it will be necessary to keep on requesting. Nor can general strikes be called every 2 weeks, or time be wasted in the Basque Parliament discussing the basic law on employment, when it is already in the Senate."

Fresnedo, secretary of the National Committee of ELA-STV (Askatasuna), an independent union considered to be in the minority, which, strangely enough, is ranked among the leading forces in the large business firms on the left bank of the Nervion estuary, is afraid that his opinion may be regarded as reactionary, but he is convinced that, without the effort of the entire Basque society, bankruptcy is certain.

The Risk of Being a Businessman

The economist Juan R. Ibarra, member of the PNV [Basque Nationalist Party] and general director of industry in the previous Basque government, remarks: "This is a country in a state of delirium, with little social health, and I don't know whether we are at the point of no return. It is possible." The collapse of the business-owning sector also has to be included in this category. "Being a businessman today is a rather unattractive role," claims Miguel Martinez Palacios, spokesman for the Biscay Metal Business-Owners Federation, an entity including about 3,500 firms with some 135,000 workers. He continues: "Being a businessman is no longer a business, because industry here is losing its competitive status in giant steps, and the Basque businessman is risking his property, money and life."

The ETA's [Basque Fatherland and Liberty Group] extortion letters or the so-called "revolutionary tax" have terrified most of the Basque business owners. This magazine was told by a well-known Guipuzcoa official, "What can we do? It is a matter of money or our lives." The example of Juan Alcorta is difficult to imitate. There are some who prefer to pay and be in peace with the terrorists, rather than have to hire a security service and retain the risk and a high cost for a bodyguard.

David Morin, secretary general of the Biscay Workers Commissions and member of the executive bodies of Euskadi and the Spanish State, claimed: "I am certain that 80 percent of the business owners pay."

The Unemployment Causes Fear

"Only Andalusia and Extremadura surpass us in the rate of unemployment," declares the Basque minister of labor. The race has just begun. Unemployment is a phenomenon in Euskadi which, because it is unfamiliar, is causing as much dread as the terrorism, although the two things are related. According to a spokesman for the Workers Commissions, "if there were not so much unemployment, there would not be so much crime and terrorism. This is the basis for the nerve-racking situation of the Basque people."

It is not easy to change, within a very short time, from being an area with full employment that could absorb the unemployment in the other sections of the country

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to being one of the candidates for the head of the poverty "list." The concern has reached such an extent that, in Vitoria, they had to move the Laotians whom they had taken in to the southeast. After the visit by a UN representative to the Alavese capital, it was observed that jobs were very difficult to find.

The problem can no longer be concealed, not even on the streets. Who would have imagined a few years ago that the main streets of Bilbao would be filled with beggars? The latest official figures indicated 76,761 unemployed in the entire Basque Country; which is equivalent to 9.4 percent of the active population. Added to this are the workers with regulated employment, which would raise the real figures far above 100,000.

In Biscay alone, it is estimated that there are some 56,000 unemployed; and in Guipuzcoa, 30,000, and in Alava, 7,000; with the serious factor that, in towns in what up until now was considered the small island of Basque prosperity, the percentage of unemployment is four times higher than the average for the State.

The problem is more serious because the majority of the unemployment is associated with a young human potential: 53 percent of the Basque unemployed are under 25 years of age, and 29 percent have not yet had any job. According to sectors, the highest index relates to construction in Guipuzcoa and Alava, with one out of every five jobless; and in Biscay, the sector producing the most unemployed is industry.

Compounding this picture is an increase in the average monthly legal processes for the restructuring of business firms. In Biscay alone, the most problematical area indicating the level of the crisis, during the first 4 months 179 legal processes were submitted. "The crisis is serious, and we workers recognize it, but the mischievous aspect of the crisis is also appearing." According to the majority trade union in Euskadi, CCOO [Workers Commissions], there are many business owners who are enhancing the degree of the crisis, dramatizing the situation in order to procure advantages from state funds. "They have had a big slump, but they have also had great gains at other times. Where have they put the money?"

Reconvert or Die

A glance at the balance sheets of the large business firms, such as Biscay Blast Furnaces, Spanish Shipyards, Nervacero, Echevarria, Tubacez, Llodio Steel, etc., would scare the most optimistic economist. The entire iron and steel industry has stopped payments, and has been protected for some time, and its viability within the private sector is virtually impossible, according to Yosu Irigoyen, head of the team of economists at the Mondragon People's Bank, one of the few things that appear to be functioning in the Basque Country, with 130 cooperatives, all in operation, and 19,000 worker-members.

On an optimistic assumption, the large Basque business firms were to spend 5 or 6 years being built up, including a thorough structural reform and definite investment, both public and private.

The majority of the large firms have an old structure, especially those in the fine steel sector, with excessive size, a result of the philosophy of the triumphalist period during the early 1970's. Jesus Dorao, one of the leading Basque economic

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experts, comments: "In some instances, the size, in addition to being unbalanced, even for good times in the iron and steel industry, is bad, as in the case of Blast Furnaces."

About 40 billion pesetas would have to be invested in AHV [Biscay Blast Furnaces] to make it profitable with its size. On the other hand, who would consider closing AHV, which directly represents about 10,000 jobs and indirectly, three times that number? According to economist Dorao, they are paying for the ridiculous mistake of Villar Mir in building Mediterranean Blast Furnaces, causing neither of the two plants to be profitable now.

It is thought that the crisis is being paid for with lags involving other areas. This is the result of a crisis which began in 1976, with the so-called "champagne effect": a rise in wages, with reason or without, not heeding the serious process of capital depletion in the firms. According to Dorao, either there must be a deep-seated restructuring or everything will collapse; because it is time to recite not only the sacred creed regarding jobs, but also that regarding productivity and the status of the markets, on which there is selling at destructive prices.

During 1979, a total of 30 business firms located in Biscay moved their main offices to other sites outside, mainly Madrid. According to Basque trade union sources, the matter of Michelin is brazenly part of the same dynamics. Here, anyone who can leaves, and those who stay do not invest. CCOO told us: "The worst thing is that not only do the business owners leave, but the executives do also; and therefore we lose valid spokesmen in disputes." This assertion is supposedly based on the fact that General Motors has created its managerial cadres with many executives from Basque business firms.

The investment slump is total in the three provinces, according to spokesmen from the Chambers of Commerce and Industry. "There is a tendency in Biscay, Guipuzcoa and Alava toward investments for maintenance, and the intensification of capital directed toward replacing labor or limiting the increment in payrolls. There is more investment in capital goods than for creating jobs."

Investment has dropped sharply. The volume of 10 billion pesetas, a figure estimated in the 1979 investments for the entire Basque Country, is not only considered alarming in the Basque government's economic circles, but also insufficient to meet the minimal employment requirements. For example, in Biscay, the fixed investment in industry, wherein the monthly average is about 1 billion, did not represent over 87 percent of its 1974 level last year.

Arturo Cenzano, an expert on economic matters in Rioja, declared: "The problem in the Basque Country is not only the fact that its capital is invested outside, but also that the firms which could invest there are not doing so." For example, in Rioja several plants of General Motors and Tudor, and an Anglo-French multinational, are going to be built soon, involving the investment of several billion pesetas and the creation of hundreds of jobs.

The minister of economy of the Basque government, Pedro Luis Uriarte, told CAMBIO 16: "The crisis is serious if one looks at all the basic indicators, but although there is the danger that the ship of the economy may sink, there are also possibilities that the present waterways could be repaired."

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All the strength needed to cope with the Basque crisis, as Pedro Luis Uriarte reminded, should not be excluded from a state context, and hence should be part of the central economic programs, involving a major collective acquisition of awareness. He admitted: "The danger is that there are Basque social sectors which do not realize the seriousness of the situation, or which do not want to realize it. And there is no solution other than to assume an awareness of that seriousness collectively, and to stop it using all methods, with the effort of all the political and social forces."

There is a crisis in all locations. According to the Bilbao Chamber of Commerce, about 500 billion pesetas in investment would be required in Biscay alone to recover the employment levels. There is a crisis in the basic sectors of the economy, which require a thorough restructuring. And there is a total crisis in investment: a difficult situation for performing miracles. Pedro Luis Uriarte thinks: "We cannot work miracles. We shall have many more years of crisis ahead of us, but we must give up the stopgaps and start heading it off, if we are not all to collapse."

Olarra: It Is Best To Invest Outside

Luis Olarra, former royal senator and chairman of the Biscay General Confederation of Business Owners (CGEV), told CAMBIO 16: "There are two types of violence here: that of armed terrorists and that of labor relations." He added: "I don't like being taken for a prophet of doom, because I am not one, but with the violence, the misused savings, the insecurity of businessmen, the ambiguity of Basque politicians and the economic measures on the national scale, where proper action is not being taken either, the best thing to do, at present, is to invest outside."

According to Olarra, violence is an extremely important factor in the flight of investment noted in the Basque Country. He remarked: "The armed and labor violence (with recent instances that can obviously be cited, using methods similar to those in Sandinist republics) has produced mutual connections. With this atmosphere, it is understandable that the business owner withdraws."

We Are Heading for a Worse Situation

Luis Olarra, who currently has a steel company with stopped payments, believes that if the Basque businessman were given the minimal objective conditions for being able to operate, he would be capable of dealing with the circumstances and would go to the defense of his country. He commented: "But the only talk is in platitudes. Now, the magic word is reconversion. Reconversion of what? in what direction? how? We need to reconvert the system of labor relations, the financing of business firms and public investment, so as to deal with politics and life here in the Basque Country; and then we shall be able to talk about technical reconversion."

The CGEV chairman is aware of the period of crisis approaching in the Basque Country: "We shall suffer greatly (everyone, business owners and workers) in the extremely difficult months ahead, although there is still a ray of hope, because a degree of collective consciousness of the situation is starting to be created. People have begun to realize that the catastrophe could come."

According to Olarra, a specific crisis is taking shape in the Basque Country, with delayed effects, as a result of a ridiculous triumphalism that has led everyone to turn their backs on the reality, while the country was in a bad situation for several years.

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"It is time to give up demagogy, confusion and ambiguity; what we need is serious, realistic proposals," he noted, when evaluating the administrative capacity of the Basque government to retrieve Euskadi from the predicament. "We have succumbed to the folly of seeking excuses for all problems, with a lack of attribution. The authority that is feasible to assume will have to be assumed, but what the government must not forget is its responsibilities."

The chairman of the Biscay General Confederation of Business Owners declined to pass judgment on the performance of Carlos Garaicoetxea's government, "because it is unprecedented; nothing has been done about anything."

Violence Against the Economy

... hace algún tiempo recibí Ud. una carta nuestra en la que le hicimos petición de millones de pesetas como contribución económica a la lucha del Pueblo Vasco.

Hasta la actualidad permanecemos sin noticias al respecto.

Le escribimos la presente para comunicarle que tiene Ud. un último plazo de 15 días para tener contacto con el Sr. OTXIA en los medios vascos de San Juan de Luz, Biarritz o Bayona para satisfacer nuestra solicitud económica.

Este mismo plazo ha sido dado a otros capitalistas como Ud. para contribuir.

Una vez pasado el plazo comenzaremos a ejecutarlos, lo que si hasta hoy no hemos hecho ha sido simplemente por razones políticas.

Finalmente queremos advertirle que no tenemos ninguna dificultad para llegar a Ud.

Euskadi,

ORGANIZACION MILITAR SOCIALISTA REVOLUCIONARIA VASCA DE LIBERACION NACIONAL

GORA EUSKADI ASKATUTA
GORA EUSKADI SOZIALISTA
E.T.A.
EUSKADI TA ASKATASUNA



"Some time ago, you received our letter in which we requested ... million pesetas from you as an economic contribution to the Basque people's struggle.

"Thus far, we have not received any word in this regard.

"We are writing this letter to tell you that you have a final period of 15 days in which to contact Mr Otxia in the Basque community of San Juan de Luz, Biarritz or Bayonne, to fulfill our financial request.

"This same period has been given to other capitalists like you who are unwilling to contribute.

"Once the period has expired, we shall begin to execute them, which we have not done yet simply for political reasons.

"Finally, we wish to warn you that we shall have no difficulty in reaching you.

"Euskadi,

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"Basque Revolutionary Socialist Military Organization of National Liberation.

"Gora Euskadi Askatuta, Gora Euskadi Sozialista

"ETA, Euskadi Ta Askatasuna."

Those Which Have Gone

EMPRESAS VIZCAINAS QUE CAMBIARON DE DOMICILIO DURANTE 1979			
(1)	(2)	(3)	Destino
	Salidas		
	Gestora de Inversiones, S. A. GESTINBAO	(4)	Madrid
	Financiera Bancobao, S. A. FINANBAO	(5)	Madrid
	Industrial Ferro-Distribuidora, S. A.	(6)	Valencia
	Herran y Díez, S. A.		Santander
	Sevelar, S. A.		Madrid
	Nueva Mobiliaria del Norte, S. A.	(7)	Madrid
	Baninbao de Inversiones, S. A.	(8)	Madrid
	Nueva Mobiliaria Castellana, S. A.	(9)	Madrid
	Industrias Químicas del Noroeste, S. A.	(10)	Madrid
	Compañía de Cartera de Inversiones, S. A.	(11)	Madrid
	Corporación Agrícola B. B., S. A.	(12)	Madrid
	Exclusivas Comerciales Peninsular, S. L.	(13)	León
	Corporación Financiera Bancobao, S. A.	(14)	Madrid
	Inverban I, S. A.	(15)	Madrid
	Inverban II, S. A.	(16)	Madrid
	Industrias Lácteas Montañesas, S. A.	(17)	Madrid
	Administradora de Patrimonios, S. A.	(18)	Madrid
	Gavial, S. A.		Madrid
	Naviera Lagos, S. A.	(19)	Madrid
	Prevención y Control, S. A. PRECONSA	(20)	Madrid
	Gráficas Miravalles, S. C. R.	(21)	Alava
	Koppers Española, S. A.		Madrid
	H. Van Kortis, S. A.		Barcelona
	Boveda, S. A.		Madrid
	Sangroniz, S. A.		Madrid
	Sdad. de Financiación de Ventas a Plazo, S. A. SOFIVENSA	(22)	Madrid
	Inversiones Mobiliarias Urquiola, S. A.	(23)	Madrid
	Hotel Arrate, S. A.		San Sebastián
	Ibercargo, S. A.		Madrid
	Martín F. Villarán, S. A.		Madrid

Key:

1. Biscayan Firms Which Changed Their Place of Business During 1979
2. Departures
3. Destination
4. Investment Managers, Inc, GESTINBAO
5. Bancobao Financial Company, Inc, FINANBAO
6. Industrial Ferro-Distributors, Inc.
7. New Northern Real Estate, Inc.
8. Baninbao Investment, Inc.
9. New Castilian Real Estate, Inc.
10. Northwest Chemical Industries, Inc.
11. Investment Portfolio Company, Inc.
12. B.B. Agricultural Corporation, Inc.
13. Peninsular Exclusive Commercial Agencies, Ltd.
14. Bancobao Financial Corporation, Inc.
15. Investment Bank I, Inc.
16. Investment Bank II, Inc.

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17. Mountain Dairy Industries, Inc.
18. Equity Administrators, Inc.
19. Lagos Shipbuilding, Inc.
20. Prevention and Control, Inc., PRECONSA
21. Miravalles Graphics Corp
22. Installment Sales Financial Company, Inc., SOFIVENSA
23. Urquiola Real Estate Investment, Inc.

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